



A QUARTERLY NEWSLETTER OF KHUSHHALI MICROFINANCE BANK

Grassroots

July - September 2016 | Volume: XII – Edition III



President's Message

Dear Colleagues,

In this quarter, we celebrated our 16th anniversary and I would like to take this opportunity to recognize the dedication, commitment and hard work that you have all contributed to our success over the past sixteen years. It is your devotion that has helped us expand our network to 139 branches covering all of Pakistan, enabling us to cater to the financial needs of over five million borrowers.

This occasion gives us an opportunity to reflect back on our achievements. The growth trend for our bank was very fast in the first three years, so in less than three years it had 100,000 clients from zero clients. Then there was a period of stability and in the last three years after we were privatized, we are again seeing a surge in growth with expanding products and services. We are growing at about 30-40 percent per annum. There has also been a phenomenal growth in our profit over the last 36 months, so whether it's a growth, revenues or outreach, we are the market leader and the largest microfinance bank in Pakistan with over a million clients. We need to remain focused on our aim of promoting financial inclusion. Microfinance is a powerful tool and we must use this tool wisely!

In this quarter, we have launched our first large-scale marketing campaign. We have also opened more branches in Sindh and Punjab hoping to cater to a wider audience in the two provinces. These branches are not only a sign of our growth as a bank, but also a sign of our commitment to boost the socially and economically vulnerable communities and give them the means to attain dignity and economic independence. I appreciate everyone's efforts and hope this enthusiasm and passion will continue as we move towards 2017.

My best wishes to all of you.

Ghalib Nishtar



Quarterly Business Update July – September 2016

Period	Microcredit		Micro Savings		Micro-Insurance	
	Active Borrowers	Value (PKR)	Active Savers	Value (PKR)	Policy Holders	Value (PKR)
2016-Q1	536,913	18,194,076,938	1,161,385	16,955,720,797	592,933	20,021,756,938
2016-Q2	519,942	18,798,982,390	1,224,566	17,791,671,849	578,313	20,651,907,390
2016-Q2	519,942	18,798,982,390	1,224,566	17,791,671,849	578,313	20,651,907,390

53rd Meeting of the Board of Directors of Khushhali Microfinance Bank



The 53rd meeting of the Board of Directors of KMBL was held on September 8th and 9th, 2016, in Cambodia.

The Board deliberated on various issues including business strategy & performance, alongside exploring new opportunities emerging under the China-Pakistan Economic Corridor as well as within the Digital Finance Space. Specifically, the operating results of Quarter II along with the progress on implementation of Profit Center Accounting approach for the Bank were discussed in detail.

Moreover, for smooth operations of the Bank, the Board approved policies such as "Internal Control Framework Policy", "Network Expansion Policy" and "Framework on Fair Treatment of Customers (FTC)".

The Management was appreciated for aligning the business with Board's expectations and the Board congratulated the President and his team for all the hard work and achieved targets.

Climate Finance Readiness

The Climate Finance Readiness Focus Area at LEAD Pakistan organized a Round table discussion titled 'Climate Finance Readiness: Strategic Investment of the Private Sector' on September 29, 2016. The objective of the event was to sensitize the participants to barriers in the private sector climate investment in the country; provide a platform for businesses and investors to understand the incentives for investing in climate compatible development; and to apprise the participants on how to access international climate finance. Representatives from the public sector, private companies, civil society organizations and donors attended the Round table discussion. The participants at the Round table discussion highlighted the following areas:



- Pakistan is highly vulnerable to climate change and this brings several kinds of risks for businesses. Investing in adaptive solutions and climate resilient measures is imperative for the country's development.
- Early movers in the market can take advantage of the business opportunities brought by climate change.
- Capacity building of the private sector companies is needed to sensitize them to the business case for investing in low carbon and climate resilient initiatives.
- Public and private sector organizations have an immense opportunity to access International climate finance, particularly from the Green Climate Fund (GCF).
- Banks should consider engaging more closely with climate funds, like GCF and carbon markets, and develop financial products and instruments to engage private sector, particularly SMEs in climate projects.
- Even though carbon prices are currently low, the markets are expected to flourish after enforcement of the Paris Agreement. Therefore now is a good time for businesses in Pakistan to register their projects for CDM (Clean Development Mechanism).
- Investments through public-private partnerships can be catalytic in promoting climate investment.

The President of Khushhali Microfinance Bank, Ghalib Nishtar, pointed out the need for awareness and capacity building of the Financial Institutions, small and medium enterprises (SMEs) and private businesses is imperative to apprise them on the business case for investing in climate change and brief them about opportunities that can be capitalized on to make climate investment commercially viable.

Khushhali is pursuing the opportunity to become an Accredited National Implementing Entity of the Green Climate Fund.

Green Climate Fund (GCF):GCF is the largest public-funded global mechanism for delivering climate finance to developing countries.

Khushhali Celebrated its 16th Anniversary with a Commitment to Growth



Khushhali Microfinance Bank celebrated its 16th anniversary with a renewed commitment to rebuilding lives and creating employment opportunities by financing small businesses leading Pakistan towards a prosperous future.

The anniversary event was participated by all staff from Islamabad and Rawalpindi. The event was marked by awarding employees on completion of fifteen, ten and five years in service. Awards were also distributed in the category of 'Star Employee of the Year'.

On the occasion President Khushhali Microfinance Bank; Ghalib Nishtar said: "Anniversaries are an opportunity for us to pause and reflect on our journey. It has been sixteen years since we launched what was the first, and now is the largest, microfinance bank in Pakistan. In that time, we have helped transform the lives of millions of Pakistanis and their families by providing them easy, manageable and affordable access to financial services. Anniversaries are also a time for us to look to the future and we remain committed to expanding the outreach to micro, small, medium enterprise across the urban, semi-urban and rural regions of the country. We may have come a long way but there is still a lot more to achieve."

To mark the anniversary celebrations, Khushhali Microfinance Bank added two new branches to its existing network in Karachi and Gujranwala on 15th August 2016.

Brand Campaign Launched Nationwide

Khushhali launched a Nationwide Marketing campaign in September promoting lending products and convenience for the customer to repay through Alternate Delivery Channels. Saving products of KMBL, offering attractive returns with a focus on the financially excluded were also a part of this marketing campaign. These products and services were aggressively marketed through various advertising mediums including Radio Broadcasting, billboards, streamers, flyers, posters, banners, SMS, cable and print ads. The objective of this campaign was not only to ensure maximum reach and promotion of our products but also to help in building Khushhali's brand awareness and brand equity across the microfinance industry in Pakistan.



Khushhali partners with M&C Saatchi

Khushhali Microfinance Bank has partnered with M&C Saatchi World Service to handle its public relations activity across Pakistan. While in its 16th year of operation, KMBL is working on expanding its network and growing its one million active clients; M&C Saatchi World Services will focus to support KMBL by highlighting the great work Khushhali is doing for entrepreneurs, small businesses and financial inclusion.

On this occasion, President Khushhali Microfinance Bank, Ghalib Nishtar said, "We are delighted to have M&C Saatchi World Services on board. Having the world's largest independent creative agency network managing our PR will be vital as we go about telling the next chapter in our story; a chapter that sees us getting closer to our goal of

providing quality banking services to all underserved segments of Pakistan. Our priority is, and will remain, the development of Pakistan's society by expanding the outreach of micro, small, medium enterprise financing services in semi-urban and rural regions. M&C Saatchi World Services is going to help us communicate this message."

George Fulton, Head of PR for M&C Saatchi World Services Pakistan, said, "We were thrilled to be appointed by Khushhali at such an exciting time for the bank and its growing support for the MSME sector. This is a significant win which reflects M&C Saatchi World Services compelling PR offer along with our development sector expertise. With offices in Karachi and Islamabad, a strong digital and mobile offering, in addition to our PR and advertising capabilities, we are looking to bring commercial sector knowledge and best practice to the development sector in Pakistan.

The MSME sector has seen double digit growth in the past decade and will continue to do so in the coming years. It is important to educate the stakeholders about challenges posed in this vital sector through clear and consistent communications. This is what we at M&C Saatchi World Services Pakistan excel at."



Khushhali partners with Pragma Corporation

The USAID-financed Financial Market Development (FMD) Project, a five-year technical and training collaboration program, has been designed to promote the development of competitive, deepened and diversified debt capital markets in Pakistan. One of the components of the FMD Project is to provide technical assistance to the Development Credit Authority's (DCA) partner banks to increase outreach of Small, Medium Enterprise (SME) finance and increase utilization of the DCA partial guarantee extended to its partner banks. Khushhali Microfinance Bank (KMBL) is one of the DCA partner banks, which has subscribed to the credit guarantee facility to the tune of US\$ 5.0 Million.



FMD Project is being implemented by The Pragma Corporation, an international development consulting firm based out of Washing DC. The FMD team, headed by Paul Davis, President, the Pragma Corporation, scheduled a meeting with Mr. Ghalib Nishtar, CEO & President KMBL, to learn about current MSME outreach strategy, understand ongoing lending practices and identify the areas of intervention to enhance the MSME lending. Three key areas of focus identified in this meeting were; Capacity Building of the MSME staff, New Product Development and Pilot Design & Roll-out.

Subsequently, the FMD team has developed an action plan covering the technical assistance/training activities, concentrating on the areas of interventions prioritized collaboratively by KMBL and FMD for this engagement.

Transformation of Business Application System

The Bank initiated transformation of its business applications considering the existing and future business and service delivery model of the bank. The process of procurement of new Core Banking system has been undertaken. This will eliminate routine challenges, effectively bring efficiency to all the processes and strategic alignment with the planned business objectives and will address the dire need for changeover from interim to permanent Core Banking Application System (CBAS). KMBL Board has approved the acquisition in principal in line with technology road map of the Bank.

The Project has been named as "1-Bank", got kicked off on 29th July 2016 under a dedicated Project Governance Structure and consulting support of PwC. A Project Steering Committee has been formed, which is headed by the President of the Bank and project directorate has also been established under Operations department of the bank for strategic direction and regular supervision of the project.

So far the project is in its second phase i.e. evaluation, selection and acquisition of CBAS. It is expected to be completed by last quarter of 2017.

The Wonder Women of Khushhali - Shaheen Munawar

Shaheen's cellphone rang in the middle of the night with her husband's name flickering on the screen. She answered the phone to news that shattered her world—a strange voice asking her to come and identify her husband's body. Shaheen's husband had left the family home in Johar Morr, Karachi that evening to pick up medicine for their son. On his way back, he was cut down by a stray bullet intended for someone else. Shaheen hung up the phone to a new reality; she was a widow and her five children were fatherless.

Her husband's murder left Shaheen unsure as to how to support herself and her children. Despite working as a teacher prior to her husband's death, the family had relied on their dual incomes to survive. Shaheen was unprepared to take on the entire responsibility of supporting her family, but she had no other choice.

The school where Shaheen worked offered support. She was promoted to a new position overseeing school admissions. This role came with greater responsibility and a higher salary.

Shaheen's vision inspired many parents to send their children to school. As a widow who never compromised on her own children's education, she became an inspirational figure for mothers in the neighborhood. Her dedication doubled enrollment at her school. This success saw Shaheen promoted again, becoming the school's principal.

Yet life continued to challenge Shaheen. The internal management of the school proved unstable and, as a result, she was asked to leave. Again, she found herself struggling to support her family but she never failed to believe in herself.

Shaheen realized she couldn't rely on unstable jobs to sustain a family. She needed something more permanent, and something of her own that she could shape herself. She decided to open her own school.

Despite having to dedicate all her savings and selling a small flat she owned to start this venture, Shaheen was determined to become an entrepreneur.

She walked from door to door in the scorching Sindh heat, convincing parents to send their children to her school. She visited students who were bright, but could not afford to attend school. Shaheen was not just a businesswoman, but a strong advocate for children's education. She waived enrollment fees for many children to ensure they had access to a classroom.

Although she was able to scrape together enough money to open a tiny school, she could not afford the materials and additional teachers her students required. She needed more capital.

Just when she was looking for lenders, a representative from Khushhali Microfinance Bank visited her school. He offered a loan of 150,000 rupees for expansion. The loan enabled her to expand the school to meet the needs of her growing cohort of students. It also renewed her faith in herself as an entrepreneur and her commitment to education.

Only a few years after taking out that first loan, Shaheen now owns the land under her school, worth 60 lakh rupees and has provided an educational haven to over 300 children. Having hired twelve teachers, Shaheen is also increasing employment opportunities and demonstrating to the women in her community that they too can succeed as entrepreneurs.

In Pakistan, where according to UNESCO only 65 percent of girls attend primary school and 29 percent go to secondary school, Shaheen's story is an important achievement. As woman entrepreneur, supporting her family on her own, Shaheen demonstrates each day that other women in Sindh can take control of their lives, work hard, educate their children, and lead their families to prosperity.



Khushhali Microfinance Bank Trainings



Assessment & Functional Training for Operation Officers (KB-182), Jul 19-21



Assessment Center for MSME Loan Officers (Batch-16), July 18-22



Branch Banking Operations Training (Batch-4), August 8-12



Branch Banking Operations Training (Batch-5), August 22-25



Information Security Awareness Session for Corporate Office Staff 5



Information Security Awareness Session for Corporate Office Staff



MSME Best Practices Training (Batch-3), Aug 8-10



MSME Training for RMs (Batch-2), July 13-15



New Employee Orientation Training for MSME Loan Officers (Batch-16), Aug 1-2



New Employee Orientation Training for MSME Loan Officers (Batch-17), Sept 1-2



Team Lead Trainer Training on New Roles & Responsibilities - Batch 2, Aug 24-26



Team Lead Trainer Training on New Roles & Responsibilities - Batch 3, Sept 20-22

Savings Accounts



Even little Savings can give you higher Profits!

Because Khushhali Microfinance Bank offers you:

- Up to **11%** profit on different Savings Schemes
- Monthly profit withdrawal facility
- Free Life and Permanent Disability Insurance on specific Savings Schemes
- ATM Card facility with Savings Accounts

Aapki Khushhali **Tarjeeh Hamari**

☎ 021 111 222 525

🌐 www.khushhalibank.com.pk



For Feedback & Comments email: pr.desk@kb.com.pk or Contact
55-C, 4th, 5th & 6th Floor, Ufone Tower, Jinnah Avenue, Blue Area, Islamabad.
Tel: +92 (51) 111 092 092, Fax: + 92 (51) 9245120
Help Line: 021-111 222 525, www.khushhalibank.com.pk

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