

A QUARTERLY NEWSLETTER OF KHUSHHALI MICROFINANCE BANK

# Grassroots

April - June 2016 | Volume: XII – Edition II

Our 16th year marks the achievement of more than 4 million loans to Pakistanis across the country. We strive to support and rebuild ordinary lives by creating the right combination of circumstances through skills and infrastructure development, community empowerment, independence and enterprise. More proof that we're giving common people an uncommon advantage to realize their full potential. Which is why, Khushhali Microfinance Bank is more than a bank. It's a promise, a promise for opportunity.



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## Message by the President

Dear Colleagues,

It gives me great pleasure to share with you that Khushhali Microfinance Bank has opened eight new branches across Pakistan in this quarter, reaching out to areas like Bahawalnagar, Mirpur, D.G. Khan and Khanewal. I want to take this opportunity to recognize the dedication, commitment and hard work that you have all contributed towards this achievement. It is your devotion that has helped us expand our network to 137 branches covering all of Pakistan, enabling us to cater to the financial needs of over half a million active borrowers.

While this occasion gives us a moment to take pride in our achievements, it also gives us an opportunity to think of the future and to strengthen our commitment towards fulfilling our role as catalysts of equitable progress in Pakistan. We need to remain steadfast in our mission to serve the financially excluded of the country and reach out to minorities, women and people in rural areas to confront poverty and uplift the common man.

In the coming years, Khushhali Microfinance Bank aims to sustain the momentum of vigorous economic growth, increasing business confidence and greater citizen participation towards a future of stability and prosperity in Pakistan. As President, I would like to express my appreciation for your loyalty and efforts; obtaining the substantial growth we achieved over the years making Khushhali the largest microfinance bank in Pakistan, would have been extremely difficult without your considerable involvement.

I hope you will continue to work with great passion and enthusiasm so that in the coming years we will have even more inspiring stories to tell of how Khushhali Microfinance Bank is helping improve communities throughout Pakistan.

My best wishes to all of you.

Ghalib Nishtar



## Quarterly Business Update April – June 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

## 10th Citi- PPAF Awards

Every year Citi Foundation and PPAF organize awards ceremony in order to highlight the performance of the Microfinance sector and appreciate the work of borrowers. This year's annual event, arranged by Citi- PPAF was attended by a large number of people from all walks of life aiming to highlight the performance of the Microfinance sector. Moreover, to appreciate the work of borrowers who were able to bring a significant improvement in their lives, after receiving microfinance loans, who serve as a role model for others in their respective communities.

Sher Jan, Khushhali Microfinance Bank's client and his loan officer, Azizullah from Balouchistan won the Citi PPAF Regional Award this year in April. The award winner acknowledged Khushhali Microfinance Bank's financial support and business counseling through which he is now an inspiration for people in his community.

Speaking about the occasion, Ghalib Nishtar, President Khushhali Microfinance Bank said: "Khushhali supports the spirit of entrepreneurship and such awards add value to the lives of the poor entrepreneurs and encourages them to do more to improve their livelihood".



## Dawn Agri Expo

The 5th Dawn Agri Expo was held in Lahore on the 5th and 6th of April this year. Thousands of farmers, exhibitors, academia, scientists and representatives of private and government sectors thronged to the place to visit the showcase of new technologies and to attend the conference.

This year Minister for Excise and Taxation Mujtaba Rehman, representing Chief Minister Shahbaz Sharif, with Ambassador of the European Union Jean-Francis Cautain, Australian High Commissioner Margaret Adamson and Dawn Media Group Chairperson Amber Haroon Saigol, inaugurated the exhibition and the conference. KMBL actively participated in the event along with many other USAID's agriculture and dairy projects from across Pakistan. All agriculture and dairy products and services of the Bank and the projects were displayed. The visitors at the stall were given the opportunity to speak to the bank's representatives directly and answer queries.



The United States showcased its long-standing support for Pakistan's agriculture with a pavilion featuring its ongoing initiatives. The Expo highlighted efforts to modernize the agriculture sector, improve market access and increase crop yields.

Expo's US pavilion including a stall by KMBL, featured agricultural assistance programs supported by the US and these programs promote advanced farming practices, enhance export capacity, build irrigation infrastructure and introduce the latest in water management practices.

## 52nd Meeting of the Board of Directors of Khushhali Microfinance Bank



The Fifty-Second meeting of the Board of Directors of KMBL, held on May 19th, 2016, envisaged Board's confidence in the Management and assurance of their commitment and support towards augmenting KMBL's growth.

The BOD deliberated on various issues, some of the significant ones being; adoption of digital financial services and core banking IT system and current IT challenges, operating results for second quarter - 2016 and performance review of the Bank and its comparison with the Budget.

Moreover, for smooth operations of the Bank, the BOD approved key policies for the Bank.

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 that was put in.

## Khushhali Microfinance Bank launches its new logo

Khushhali launched its new logo this year in June. It is the first time ever that Khushhali is going in the market with robust marketing techniques and rigorous promotional activities. Khushhali Microfinance Bank celebrated unveiling of the new logo at Serena Hotel, Islamabad. The event kicked off with a brief introduction of changes in the bank's image and identity, when President KMBL, Ghalib Nishtar shared his thoughts about moving forward and Khushhali's journey covered over the years. To keep the audience engaged during the event various activities and quizzes regarding Khushhali and branding were conducted



by Marketing & Communications (MARCOM). Later, logo unveiling was done by the management and this was followed by cake cutting ceremony and dinner.

## Khushhali Branches Out



In the second quarter this year, Khushhali spreads its wings across Pakistan and has increased its branches from 131 to 137. Khushhali Microfinance Bank has planned on opening more branches this year. New branches have been inaugurated and are functional in Jahanian, Lahore- Shahdara, Gujar Khan, Zahir Peer, Kot Chutta, Mirpur, Dahrnawala, Paharpur.

## Khushhali Micro-Housing Finance

Considering the substantial demand for upgrading/ improving and the increasing shortfall of housing units in Pakistan; Khushhali Microfinance Bank has decided to address this market need by developing new products. A Cooperation Agreement has been mutually signed between Khushhali Microfinance Bank & the IFC-International Finance Corporation. IFC will provide the technical guidance, trainings, inputs etc. in the development & rollout of the Micro-House Improvement Loan (MIHL) product for the bank.

The recent policy regulation by the State Bank of Pakistan has now allowed Microfinance banks to move into the Micro-Housing Finance (2011) space with a ceiling of up to PKR 500,000 resulting in opening new avenues for MFBS to touch this sector. There is large number of potential customers who need to upgrade or renovate their houses in rural & slum areas.

Existing financial services consist of bigger loan size and mortgage based by commercial banks and a market potential for micro-loans. State Bank of Pakistan (SBP) allows Microfinance Banks (MFBS) to provide micro-housing finance with a ceiling of up to PKR 500,000.

This has opened new avenues for Khushhali Microfinance Bank to touch this sector and represents a large and underserved market.

Major objectives include; portfolio diversification which will reduce the risk; cater to the needs of clients with a product that meets a specific and unaddressed market demand; Market leadership by offering innovative products.

IFC resident team and the consultants visited Khushhali Microfinance Bank, Corporate Office from 23-29 May, 2016 and conducted a preliminary analysis of the institution. The team reviewed the relevant documentation, regulations, legal environment. The team also met with senior management and all departments in the Corporate Office to get an overview of the MFI's growth strategy, target market segments, product offering & pricing structure, delivery models, lending methodologies, target market segments, delivery models, organizational structure, internal capacities, governance, key financial systems, financial and market perspective.

In addition, Rawalpindi & Hassanabadal branches were also visited to review lending process and procedures, loan application, approval mechanism etc in detail. Focus group discussion meetings were conducted with branch staff and with the existing & prospective customers to determine the need and interest in Micro-Housing loan products.

IFC team presented the work plan to develop the Micro-Housing Loan product, suggested required resources and a structured basic survey in the proposed pilot branches. Overall, the IFC team showed confidence in KMBL & considered Micro-Housing Loan products (MHL) a competitive edge for KMBL in the Microfinance sector. The product will target the underserved and rural communities through its network of branches across Pakistan. The salaried & entrepreneurial class will benefit from this product to improve their living standards & social status in the community.



## Awards Gala Program 2016

Annual Awards Gala 2016 was held on the 15th of April 2016 at the Sir Syed Memorial Hall, Islamabad. Awards and prizes were distributed by the President to the winning teams of Cricket and Badminton; the tournaments were played between various teams. Moreover, top performing Area/Branches staff was also given awards in recognition of their excellent contribution in the bank's successful business journey during the year. Exciting skits and performances were presented by the talented KMBL staff which was greatly applauded by the audience. In concluding remarks by the President, he appreciated the commitment and contribution of KMBL staff in bank's



performance and emphasized on continuous improvement in productivity. After dinner, a splendid musical evening was arranged in which renowned singer "Sonu" performed his melodious songs.

## Digital Finance Workshop-IFC

Unbanked people are increasingly gaining access to financial services through digital channels. Banks, microfinance institutions, mobile operators and other providers are using mobile phones and point-of-sale devices, along with networks of small-scale agents to offer basic financial services at greater convenience and lower costs than traditional banking allows. Also referred to as branchless banking, these digital services offer great promise for better serving poor customers.



Considered a top Microfinance Institution of its type since inception, a team of IFC Middle East region organized a strategic workshop for KMBL on DFS (Digital Finance Services) in which they covered SWOT Analysis with its existing structure in Pakistan.

Focusing on other aspects the main agenda was the entrance of KMBL in DFS market because it allows banks to use technology infrastructure to deliver superior banking to the mass market customers at a very low cost. IFC insured end-to-end partnership in success starting from diagnostic and business modeling, network build-out, product and process design, customer up-take and financial awareness ending in implementation of DFS and committed to complete the project within 2 years' time since the date of execution.

DFS will be an innovative step for KMBL, the bank is more interested in promoting liability business leveraging DFS.

## Awareness Program Aimed at Financial Literacy of Women

State Bank of Pakistan (SBP) has initiated a nation-wide Financial Literacy Program with a focus to impart knowledge and understanding of basic financial concepts, products and services to low-income Pakistanis in order to enable better economic decisions. State Bank of Pakistan- BSC Hyderabad organized "Awareness Program Aimed at Financial Literacy of Women" on 16th of June this year. At this session Khushhali Microfinance Bank, Tameer Microfinance Bank Limited and First Women Bank Limited participated in which they all displayed their products and services. Moreover, the banks described the features of these products and the importance of financial credit facility that is being provided to them. Many women, both borrowers and non- borrowers attended this session. During the session, these women were educated on how they can benefit from the financial credit facility.



## Quarterly Meeting held with Service Providers

KMBL-Service Provider (SP) meeting was held on 5th April 2016 at Khushhali Microfinance Bank Corporate Office, Islamabad. There were four key objectives of this meeting; Service Provider performance review, SP-wise Portfolio Analysis-PAR, Alliance Operations overview/ way forward and any challenges faced.

Participants from KMBL staff were President KMBL, Ghalib Nishtar; Head Retail Banking, Amina Hassan; National Distribution Manager, Aftab Alam; Manager Alliances, Shahid Mehmood; Manager Distribution, Adnan Sattar and Fund Accountant, Nazar Gul. Participants present from SP staff were, Imran Khan (FPAP), Shazia Sultan (FPAP), Azhar Nadeem (HDF), Noreen Naz (HDF), Yaqoob Masih (SHD), Gulshan (HANDS), Misri Chaniho (SGA).

Shahid Mehmood commenced the proceedings of the meeting after welcoming everyone. He gave an overview of the performance of SP from December 2015 – February 2016. He also explained Portfolio Quality-PAR till 31-01-2016 of all 5 SPs individually. Manager Alliances expressed their satisfaction on the overall performance of SP, while SP participants took keen interest in what was presented, noting down their weaknesses and achievements in the given time frame.

Head Retail Banking, Amina Hassan discussed with participants the overall performance of Alliance Operations, PAR, Branch issues related to SP, SP facing problem with KMBL staff, new branches in 2016 and way forward of the Alliance.

The President, Ghalib Nishtar discussed the current operations and future direction of MSDF and assured support through the Fund will continue on the same pattern for the year. In his closing remarks he said that we have a very good relation with our Service Providers and always support them on every forum. President Khushhali Microfinance Bank, advised for regular meetings between Khushhali Microfinance Bank & SP staff.

## Banking for Prosperity

Govind, a father of three, was amongst the millions of Pakistanis living in poverty. A native of Badin Sindh, his life had been spent struggling to provide three square meals a day for his family.

Govind decided to start his own business of making chappals. His biggest roadblock was lack of funds.

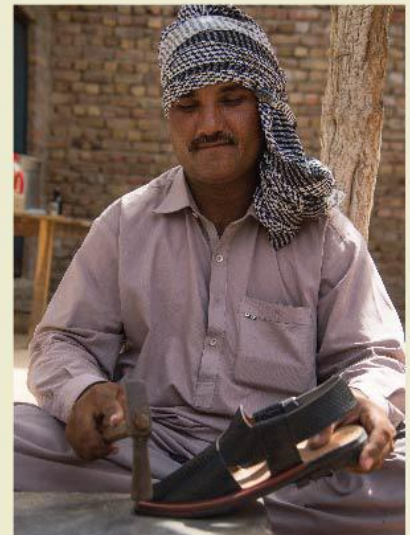
In 2007, a field loan officer from Khushhali Microfinance Bank approached Govind, whose shoemaking business had yet to come into execution.

Khushhali Microfinance Bank provided Govind, a first time borrower, an opportunity to obtain a loan of Rs.10, 000 to start his shoe-making venture. The new business owner was relieved to have found this breakthrough.

Govind is now a proud master of his skill. He recalls that in the past his earnings were only enough to make it to the weekend. The loan allowed him to travel to Hyderabad and purchase enough material to make more than one pair of shoes. He invested in a machine and hired two employees to increase his productivity. Soon, Govind made 10 pairs and was able to charge 100 rupees per shoe and eventually started saving money to reinvest in the business.

Govind's first loan from Khushhali Microfinance Bank was for a mere Rs.10, 000 but timely payments have enabled him to maintain a good customer relationship with the bank. Recently the bank approved a loan of Rs.125, 000 for him. Due to the bank's microfinance loan Govind's business is doing fairly well, his children are going to school and he is dreaming to educate his children.

Govind is a testament to what happens when hardworking Pakistanis are given an opportunity to lift themselves out of poverty.



# Khushhali Microfinance Bank Trainings



Assessment & Orientation Training for General Loan Officers (KB-172) - Apr 4-7



Branch CAD Function Training for CAOs (Batch-5) - May 12-13



KYC AML CFT Revised Procedure Training - Islamabad Session (May 7)



KYC, AML, CFT Revised Procedure Training for ACOs' - Apr 21-22



Middle Management Development Program for Branch Managers - NIBAF (Apr 11-15)



MSME Best Practice Team Refresher Training - Apr 25-28



MSME Best Practices Refresher Training (Batch-2) May 12-13



Orientation Training for LO-MSME (Batch 15) - June 13-14



Orientation Training for LO-MSME (Batch-13) - Apr 11-12



Orientation Training for LO-MSME (Batch-14) - May 30-31



Sales & Relationship Management for RMs (Batch-5) - May 2-6



Team Lead Trainer Training on New Roles & Responsibilities (Pilot Launch) - May 4-5

## Savings Accounts

"Starting my own workshop with a limited income seemed like an impossible dream. With Khushhali Microfinance Bank, it all became possible!"

## 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**

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