



A QUARTERLY NEWSLETTER OF  
KHUSHHALI MICROFINANCE BANK

# GRASS ROOTS

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# MESSAGE FROM CEO - Khushhali Microfinance Bank Limited



It is indeed satisfying for me to see Khushhali Microfinance Bank Limited (KMBL) achieve sustainable growth for over 21 years now, thanks to the robust performance of our workforce. Your commitment has won the unwavering trust of our customers. It is a privilege for me to lead one of the best financial institutions in Pakistan that is pioneering innovative solutions in the microfinance industry, with a vision to deliver customer-centric banking services for the most deserving communities.

The KMBL is the winner of the 'Best Microfinance Bank of the Year' accolade, for the 4th consecutive year, from the 'Institute of Bankers Pakistan' (IBP), while we won the 'Best Microfinance Bank Award' 2020, recently for the second year, at the 18th

annual 'Excellence-Awards Ceremony', orchestrated by the CFA Society of Pakistan. Both these prestigious awards recognize our pursuit for excellence & financial-inclusion, despite the unprecedented economic & global-health challenges.

We have expanded our network to more than 220 branches all over the country, KMBL continues to enable more convenient access to professional banking services through multiple channels, as we are catering to the evolving needs of the microfinance consumers.

Nurturing a Digital Banking Ecosystem, KMBL has deployed INCHEQS - Image-based Clearing System (ICS), based on Robotic Process Automation (RPA) to manage inward and outward clearing of cheques, with integrated Signature-Verification for hassle-free execution of transactions besides commencing the digital account opening facility for our clients.

Moreover, encouraging results are coming in from the recently launched "Khushhali Karobar" branches, specializing in Small & Medium Enterprise (SME) businesses of Pakistan as we have established the first five branches this year.

The 'Apna Makaan' - an affordable home-loan facility, is receiving a tremendous response, as it provides up to PKR 2,000,000 to each deserving customer and KMBL has disbursed more than 950 Million Rupees, under Government of Pakistan's Markup Subsidy Scheme.

On the Corporate Social Responsibility (CSR) front, KMBL continued with its resourceful initiatives to improve the quality of life for the impoverished masses all over the nation, with special focus on public-health, education, skill-development, women-empowerment and environmental-preservation.

I am confident that every member of my team will live up to our strong commitment to contribute to economic-growth in Pakistan particularly with respect to micro, small & medium enterprise segment, while the bank promises to extend every possible support for your wellbeing.

I wish you best of luck for greater success in future.

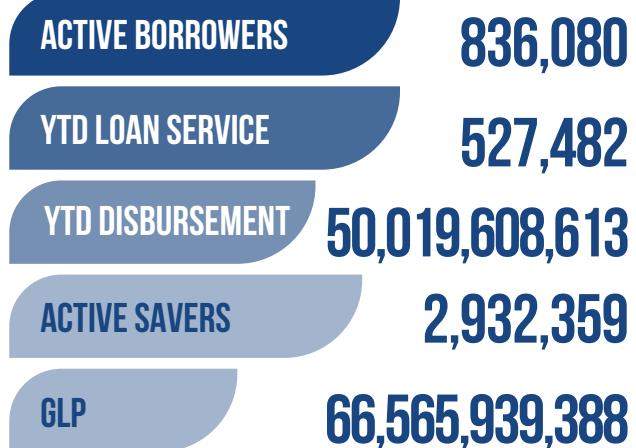
**Ghalib Nishtar**

A handwritten signature in black ink, appearing to read 'Ghalib Nishtar'.

# 78th | BOARD OF DIRECTORS MEETING

The 4th Quarterly board and Board-Committees' meetings of the year 2021, took place on the 23rd of November 2021, 25th November 2021, 26th November 2021 and 29th November 2021. In the 78th Board meeting, the Board of Directors (BOD) reviewed the economic update, operating-results and Business Update for the 3rd Quarter, ended on 30th September 2021. The BOD also reviewed and approved the budget for the financial year 2022. The corporate leadership was informed that 20 previous litigation-cases, contested by KBML during this period, have been disposed-off in favor of KMBL. However, 23 new litigation cases have been filed during Q3 2021.

## BUSINESS OVERVIEW JUL-SEP 2021 BUSINESS OVERVIEW



## KHUSHHALI MICROFINANCE BANK SELECTS 'INCHEQS' DIGITAL CHEQUE CLEARING SOLUTION

Khushhali Microfinance Bank Limited has pioneered another technological advancement, by selecting INCHEQS - Image-based Clearing System (ICS). The system enables digital clearing process, to manage and administer inward and outward cheques along with Robotic Process Automation (RPA). It supports and integrates the signature-verification system to validate the cheques against the original specimen signature of each customer.

The system allows hassle-free execution of transactions, through advanced digital-banking tools, where the sender bank can scan their cheques' front and back, and the system will process the amount and information specified to

the payee bank. This reduces the need to physically move the clearing instruments.

The President & CEO of Khushhali Microfinance Bank - Ghalib Nishtar stated that, "Khushhali Bank is moving towards digital transformation - This technological evolution is in line with the vision of State Bank of Pakistan, to enable online access to banking, to reduce frauds and provide convenience to the consumers, by implementing effective global best-practices".

State Bank of Pakistan has also announced the deployment of "Image-Based Cheque-Clearing System" (IBCS), effective from 3rd January, 2022, as the way forward with ICS – Phase I followed up with OCS as Phase II, as the country's roadmap for bringing Pakistan at par with the developed world. Moreover, this technological advancement is the need of the day, while the consumers must minimize physical interactions to prevent the COVID-19 spread.

## KHUSHHALI MICROFINANCE BANK ACKNOWLEDGED AS THE BEST MICROFINANCE BANK BY INSTITUTE OF BANKERS PAKISTAN

Khushhali Microfinance Bank was acknowledged as the 'Best Microfinance Bank of the Year' by the Institute of Bankers Pakistan (IBP) at the '6th Pakistan Banking Awards 2021' ceremony held at a local hotel on Friday. This event marks the 4th consecutive accolade received by KMBL in the microfinance industry as it once again emerges as the best financial institution in Pakistan. Dr. Reza Baqir, Governor, State Bank of Pakistan (SBP) and the President of IBP graced the award ceremony as the chief guest. The leading banks of Pakistan and key stakeholders of the banking sector also attended the prestigious event. Pakistan Banking Awards is a gracious initiative to recognize the efforts made by the banking and financial sector for the overall growth and development of the national economy.

The award was presented to Khushhali Microfinance Bank owing to the highest market share, consistent growth, profitability, customer satisfaction and other high-performance factors during the year. The Institute of Bankers Pakistan,



in partnership with The DAWN Media Group and the collaboration of A.F. Ferguson & Co. (a member of the PwC global network), annually come together to conduct the Pakistan Banking Awards (PBA) since 2016.

## KHUSHHALI MICROFINANCE BANK WINS 'BEST MICROFINANCE BANK OF THE YEAR' AWARD BY CFA SOCIETY OF PAKISTAN

Khushhali Microfinance Bank won the 'Best Microfinance Bank Award' 2020, at the 18th annual Excellence-Awards ceremony, recently orchestrated by the CFA Society of Pakistan. Prime Minister's Advisor on Finance & Revenue – Mr. Shaukat Tarin graced the vibrant event as the Chief-guest, where he personally presented the award to the Khushhali Microfinance Bank.

The Prime Minister's Advisor stated that: "The Microfinance sector in the country is promising a brighter and healthier future, as the nation continues to achieve bigger milestones towards financial-inclusion, while overcoming the Covid-19 to minimize the impact of this global health-crisis. The government is fully committed to provide the financial sector and the microfinance industry with a conducive regulatory environment to secure the investments and empower the deprived segments."

The CFA Society of Pakistan hosts this Excellence-Awards, every year, to recognize the financial institutions, corporates, and professionals, who show outstanding performance in the Finance and Investment-Management sector of Pakistan.



## CELEBRATING WOMEN AT KMBL



Despite the hardships faced by women in general, the courageous working women of Pakistan have refused to give in to the patriarchy in the society. Over the years, they have put in extra efforts to prove their commitment to excel, while working shoulder-to-shoulder with men. To acknowledge their high valued contributions, the Government has designated 22nd December, as the "National Working Women's Day". As Khushhali Microfinance Bank Limited (KMBL) continues

with its efforts to elevate the role of women in society and the corporate sector, the bank organized a special event to celebrate the "National Working Women's Day" 2021, at its corporate office in Islamabad. It was a delightful way to celebrate the efforts and contributions of women at work. Hence, KMBL organized multiple programs to recognize, honor and appreciate their commitment and excellence.

## CELEBRATING THE SUCCESS OF KHUSHHALI KAROBAR

Khushhali Karobar- SME Banking Division is the latest venture. Its operations began in June 2021, as the first Khushhali Karobar - SME branch was inaugurated in Gujranwala. Through consistent growth, by the end of Dec 2021, it has five operational branches at; Gujranwala, Gujrat, Sialkot, Faisalabad and Sargodha respectively. All branches are equipped with state-of-the-art ATMs, while providing complete banking facilities to our valuable small-business clients. These SME branches are offering Term-Finance and Running-Finance facilities to enable: business expansions, asset-purchases and working capital of up to three million rupees per individual entrepreneur. By the end of the year 2021, Khushhali Karobar network has achieved

excellent business results, as mentioned below:

### HIGHLIGHTS

Total Disbursement Of All Products	56,501,000
GLP	45,603,403
Total Deposit Amount	35,864,265

Moving forward during 2022, Khushhali Karobar network will see further expansion to enhance outreach and increase financial inclusion, with special focus on women-led enterprises. Small businesses will also be facilitated through market-linkages and digital-banking solutions, to increase their business turnover.

## KMBL HAS DISBURSED OVER 900 MILLION RUPEES, UNDER THE GOVERNMENT'S MARKUP SUBSIDY SCHEME

Khushhali Microfinance bank strives hard to introduce innovative financial products that promise to uplift the living standards for the low-income segments, enabling them to become active participants in the country's economic ecosystem. For this purpose, KMBL has launched the 'Apna Makaan' facility in July 2021. It offers affordable home-loans of up to PKR 2,000,000 for the deserving and eligible customers. This unique

product of KMBL has received an exceptional response within a few months of its launch. At the end of the year 2021, KMBL has disbursed 588 loans, amounting to PKR 959.95 million, under the Markup Subsidy Scheme launched by the Government of Pakistan. With this great milestone achieved, KMBL celebrated the success and rapid growth of this newly launched portfolio of home-loans.

## KMBL LAUNCHES 'KHUSHHALI NISWAN'

Khushhali Microfinance Bank has over two-decades of performance-history, whereby it has been consistently serving the underprivileged segment of the Pakistani society, by providing affordable microfinance services. The resourceful initiatives of KMBL have played a vital role in poverty alleviation all over Pakistan. Being a forerunner in the microfinance-sector, KMBL has financially empowered individuals from both urban and rural communities. In continuation of these efforts, KMBL has recently introduced a range of new products, catering to women's evolving needs. These services are aimed at promoting financial-inclusion of women, across all sectors. Khushhali Niswan Program, focuses on women empowerment, as it caters to all their financial needs, across vast segments, including; agricultural-loans, business-loans and personal loans.



## FEMALE FINANCIAL INCLUSION DRIVE

KMBL introduced a female account referral program in which all the branch staff members were required to open at least 5 female account at Khushhali Microfinance Bank within their business contacts, family and friends. Primary objectives of this campaign were to put an effort to achieve 25% annualized growth in number of active women accounts set by SBP for Khushhali Bank, increase number of Asaan Accounts and give award/reward to the winners. Furthermore, the drive focused on generating awareness of banking facilities and how it can help increase savings, since majority of the households are run by women in Pakistan.

We are proud to achieve another milestone; 1,050 staff members from all over the branches have participated in this campaign. With their active participation and great efforts, a total of 3,408 new female accounts were opened in 39 days.

The graphic features a woman weaving a traditional basket in a workshop setting, with the 'khushhali niswan' logo in the top corners. Below the image, text reads: 'In the month of November 2021 KMBL launched a FEMALE ACCOUNT REFERRAL PROGRAM'. A table titled 'PRIMARY OBJECTIVES' lists goals like 25% growth in women accounts and increasing Asaan Accounts. Another table titled 'RESULTS' shows 1,050 staff members participated and 3,408 accounts opened in 39 days. A 'PRIZES:' section details rewards for top winners and staff who opened 15+ accounts. A final message says 'CONGRATULATIONS TO ALL THE WINNERS!'.

PRIMARY OBJECTIVES	
Achieve 25% growth in number of women accounts, increase the number of Asaan Accounts and give rewards to winners	

RESULTS	
1,050 branch staff members participated 3,408 female accounts opened in 39 days	

Number of Accounts Opened (range)	Cash Prize (RS)
200 and above	25,000
100-199	20,000
51-99	15,000
30-50	10,000
15-29	5,000

# KMBL BECOMES THE FIRST INSTITUTION IN PAKISTAN TO ACHIEVE A HIGH SCORE IN GOOD SOCIAL PERFORMANCE MANAGEMENT AND CLIENT PROTECTION SYSTEMS

KMBL is proud to announce the successful completion of the Social Rating assessment with Microfinanza Rating Agency. After a thorough review of our Social Performance Management System, KMBL has been assigned the sA, based on the Social Rating scale adopted by MFR.

The social rating provides an expert opinion on the social performance management of a financial service provider and its capacity to put its mission into practice and achieve social goals.

As a microfinance bank, KMBL contributed to the social rating rationale in a number of ways such as offering a good variety of financial services that are easily accessible and well-tailored to meet the different business and household financing needs of our intended target populations. KMBL has also proven to be the largest provider of microfinance loan for income-generating purposes in the country along with displaying a clear commitment to the institution's social mission with the implementation of a comprehensive social and environmental framework in place.

This success bears testament to KMBL that we are fully aligned with the latest social performance standards as defined by global initiatives such as the Social Performance Task Force and the Smart Campaign/Client Protection Principles. This rating shows KMBL's long term commitment to promoting transparency and social performance for more responsible microfinance.



## KHUSHHALI – BEING A RESPONSIBLE CORPORATE CITIZEN

### HIGHLIGHTS (OCT – DEC 2021)



750 Drinking Water Beneficiaries



30 Trees Planted



1030 Students provided Education Support



265 Women Trained



65 PWDs Provided Prosthetics / Assistive Devices



04 SDGs Contributed

# Khushhali for Everyone



## EDUCATION FOR KHUSHHALI – AN EFFORT TO SUPPORT UNDERPRIVILEGED STUDENTS

Khushhali Microfinance Bank believes that Education is instrumental to community development SDGs Contributed and poverty-alleviation. Through the "Education for Khushhali" program, KMBL promises to support thousands of students in underserved segments, enabling them to pursue quality education. KMBL believes that education, when done right, helps develop a solid foundation, enabling the young people to make better choices for their future.

### SDGs Contributed



Through a comprehensive CSR need-assessment, KMBL is identifying schools in the remote areas of Pakistan, where students are in dire need of educational support. The bank is providing them with essential items, including; books, stationary, uniforms and bags, to continue their education and empower the deserving communities.



KMBL continued to provide educational support to the students in the underserved communities across Pakistan. In this quarter, KMBL reached out to students in Zahir Pir, Chowk Shahbaz Pur, Faisalabad, Allahabad, Shorekot, Khudian Khas, Tando Muhammad Khan, Vehari, Kot Addu and Shahkot. In another effort, KMBL provided its generous support to NOWA Child-Care Center & Primary School, Khairpur Mirs. KMBL appreciated the efforts of NOWA Child-Care Center for

uplifting the underserved segments of the society.

Through such generous initiatives, KMBL is fulfilling its social commitments and making direct contributions to Sustainable Development Goals #4 and #8, by facilitating access to completely free, equitable and quality education, for both, primary and secondary level boys and girls.



Supporting  
students in the  
underserved  
communities of  
Pakistan

## ENABLING REINTEGRATION & REHABILITATION OF PERSONS WITH DISABILITIES

KMBL is committed to promote full and equal participation of individuals with disabilities in all segments of the society, to enable accelerated development. KMBL salutes the courage and resilience of the 'Persons with Disabilities' and promises to continue its efforts for their inclusion in the society.

In another effort, KMBL took a step forward and partnered with 'HANDS Pakistan' to provide thirty-five wheelchairs to physically challenged individuals in Farooqabad, Sheikhupura. Physically challenged persons from underserved segments of the society were identified and wheelchairs were provided to pave the way for their reintegration into the society.

Following the wheelchair distribution in Farooqabad, KMBL in partnership with CHAL Foundation, has also sponsored thirty wheelchairs for physically challenged individuals in Gujranwala. KMBL believes that improved mobility can positively impact the lifestyle, education and livelihoods of physically challenged persons.



### SDGs Contributed



Through these initiatives, KMBL is making direct contributions to Sustainable Development Goals #8 and #10 by empowering and promoting the social, economic and political inclusion of everyone particularly the Persons with Disabilities and by facilitating their reintegration in the society.



## ENCOURAGING WOMEN TOWARDS SKILL DEVELOPMENT AND ENTREPRENEURSHIP

### SDGs Contributed



KMBL celebrated the International Day of Rural women by organizing another 'stitching' training programme for women, at Chak 367 Jalianwala, Tehseel Gojra of Punjab. The training was organized in collaboration with 'Society for Human Development' (SHD). The bank salutes the resilience and contribution of rural women and believes that women in rural areas can significantly increase their productivity and earnings, by simply learning and developing some new skills.

Continuing its role and efforts for women empowerment, KMBL in collaboration with the Society for Human Development (SHD) also organized a 'stitching training' for women, in Chak No: 1/10 L Harappa, Sahiwal District. The training was planned and conducted to provide a complete tailoring course to women from low-income households and equip them with the skills to earn sustainable livelihood to support their families.



KMBL also joined hands with the Rahnuma Family Planning Association of Pakistan (RFPAPAK) for the strengthening of 'KATO Women Development Center', in Haripur. Under this partnership, 220 women and girls from Haripur and nearby villages are being provided training in: tailoring, cutting, stitching, sewing, knitting and embroidery training in one year.

Through these series of training programs for women in Rural communities, KMBL is making direct contribution to United Nation's 'Sustainable Development Goals' #4 and #8, by substantially increasing the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.



Women Empowerment through Skills Development

## SDGs Contributed

# DRINKING WATER FOR KHUSHHALI – PROVIDING CLEAN WATER TO THE PEOPLE



Globally, millions of people lack access to clean drinking water. The impacts of water scarcity affect communities and can have direct health impacts. Access to clean water changes everything; it's a stepping stone to good health and development. Water and poverty are inextricably linked. Poor access to water and insufficient sanitation affect the health of the poor, their food security, and their prospects for making a living. Khushhali Microfinance Bank through its CSR program 'Drinking Water for Khushhali' aims to help our communities in accessing safe drinking water. Under this program Khushhali Microfinance Bank has installed 20 water filters with coolers in hospitals, schools and public places across Pakistan in an effort to make drinking water accessible especially for the deprived people from underserved communities.



In another effort, KMBL is striving to make clean drinking water available for domestic consumption through hand pumps. KMBL installed hand pumps for the communities in Fortabbas, Marot and Chiniot. Water is now available at walking distance in these communities and is changing the health and sanitation dynamics in the areas.





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