



## Building SME Banking Business for Sustainable Growth of Banks

Knowledge Partner:



### Background

A World Bank study has identified that there is a financing gap of USD 3.6 billion in SME sector in Nepal. UNESCAP study 2020 mentions that 594,092 establishments out of total 921,244 establishment have no access to credit. NRB study mentions that BFI'S are attracted towards large enterprises and small enterprises are generally ignored. The main reason for such gap is because of lack of credit history, lack of reliable financial information, lack of business skills other factors on the part of SMEs. But studies have shown that banks can work with SMEs profitability even in such situation. This course deals with the ways how banks can do profitable business with SMEs and help build their sustainable portfolio in this sectors. The course has been prepared with the knowledge support from IFC.

#### Program Details:

**Date & Time:** 13th to 16th, 18th & 19th June 2023 (7:00am to 10:30am)

**Duration:** 12 sessions (18hrs; 1 session=1.5hrs)

**Venue:** NBI Hall, Kathmandu.

**Target Audience:** Senior Level, CEO, DCEO, HOD, IT Head, HR Head, Credit Head.

# Course Outline

## Module 1: Overview of SME and SME Banking

- What is SME? Different Perspectives.
- Role of SMEs in Economic Development in Nepal and the World: IFC report
- UNESCAP/UNCDF survey findings on SME Banking in Nepal
- NRB survey findings on SME Banking
- Barriers to SME development
- Questions that Commercial Banks face
- SME Banking: Risks and Opportunities for Banks

## Module 2: Strategy and Business Model for SME Banking

- SME Banking vs. SME Lending
- SME Strategy: What others are doing?
- Components of SME Banking Business Model
- SME Banking Value Chain
- Critical success factors

## Module 3: Understanding the SME market

- Define SME
- Need of Research for understanding the market
- Research tools and Techniques
- Developing internal sources of market and customer information
- Customer Segmentation
- Determining value proposition
- New Segment Opportunities:
  - ⇒ Targeting Women SMEs
  - ⇒ Targeting Agricultural SMEs

## Module 4: Developing Products and Services

- Product and Product packages
- Sources of product development
- Product strategies for SME Banking

# Course Outline

## **Module 5: Managing SME Customer**

Understanding Customer Management

Managing the Critical Points of the SME Customer Life Cycle

- Customer acquisition
- Cross-sell & up-sell
- Retention & activation
- Implementing SME Customer Management
- Data management & modeling
- Customer analytics

## **Module 6: Sales Culture and Delivery Channels Management**

- Challenges: increase size and profitability of client group
- Using relationship managers effectively
- Effective delivery channels – smart branch use
- Alternative distribution strategies
- Promotion strategies for SME banking
- Managing sales and delivery

## **Module 7: Credit Risk Management for SME Lending**

- Distribution of SME credit and Management of loan portfolios to small SMEs
- The Determinants of Credit Losses
- Credit Underwriting for Small SMEs
- Credit Scoring for Small SMEs
- Risk-based Pricing
- Streamlining the Underwriting Process
- Account Management and Early-warning Indicator Frameworks
- Collections and Recoveries

## **Module 8: Human Resources and Technology Support**

- Key Competencies for SME Business
- Developing Personalized Training Plans
- Best Practice Key Performance Indicators (KPI)
- Designing Incentive Programs
- Understand what is needed for SME banking management from IT

## Facilitator's Profile



**Mr. Kumar Lamsal**

**Chief Executive Officer, National Banking Institute**

**Former CEO, Janata Bank Nepal Limited and Sanima Bank Ltd.**



**Mr. Parshuram K. Chhetri**

**Former CEO- Global IME Bank**

**Banking Expert**

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