

Proceeding Report

NBI'S 10TH ANNIVERSARY CELEBRATION THE DELIBERATION FOR THE NEXT DECADE

KATHMANDU, NEPAL
17TH FEBRUARY, 2019



NATIONAL BANKING INSTITUTE LTD.
"The Banking Academy of Nepal"

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SUMMARY



On the tenth anniversary of National Banking Institute (NBI), the international conference entitled “The Deliberation for the Next Decade” was organized on 17th February, 2019. The program began with the video depicting NBI’s 10 years of success and achievements. The video also included well-wishes to NBI from eminent personalities of Nepalese banking industry namely Dr. Yuba Raj Khatiwada, Finance Minister and Dr. Chiranjivi Nepal, Governor of Nepal Rastra Bank. The conference was chaired by Mr. Laxmi Prappanna Niraula, Chairman of NBI. Dr. Yuba Raj Khatiwada made his presence felt as the Chief Guest of the program and Dr. Chiranjivi Nepal, Governor of Nepal as a special guest. The inaugural session of the event was attended by many other dignitaries who have been contributing to Nepalese financial sector from the past few decades. The program was attended by over 120 participants from various Banking and Financial Institutions at large.

SUMMARY



In the welcome note, Mr. Laxmi Prappanna Niraula, Chairman of NBI highlighted how Nepal is in dire need of social banking from public sector banks. To support his statement, he presented the argument that banking is not an ordinary business; the sector depends on trust, ethical principles, and moral values. He further added that trust is the basis for the success of banking sector. Without trust, the sector either becomes dysfunctional or the sector defaults. In this regard, Mr. Niraula also highlighted the role that NBI has played over the years in creating awareness regarding green banking, rural banking, agri-banking, and ethical banking in the banking community of Nepal.

NBI, as an independent institution working for the upliftment of banking sector in the country, has made significant contribution in the development of knowledge, skill, and proficiency of human capital. To ensure timely and apt human capital development, NBI has developed curriculum for the training of banking personnel including risks coming from national and international sources. In this regard, the institution has focused on collaboration with many International Institutes to ensure timely development of Nepalese banking human capital. Mr. Niraula also mentioned that NBI has realized the interlinkage of economic indicators and banking sector indicators. To support the people who want to explore their PHD on the same, the institute announced NRs. 10 lakhs financial support. Further to this, an MoU was signed between Mr. Sanjib Subba, CEO, NBI and Mr. Nagendran Sundararajan, Head– International Business, Manipal Global Education Services Pvt. Ltd. (MaGE) whereby the agreement, NBI and MaGE shall offer **“On-boarding and Induction Program for Newly recruited Trainee Assistants”** of the Banking professionals.

Thus, the conference not just highlighted the importance of human capital development for overall upliftment of banking sector, but also announced necessary arrangements-already made and in-progress- to achieve the objective of human capital development.

NBI Mobile App Launch

One of such efforts was to launch mobile-app for financial literacy. NBI Financial Literacy

App has an engaged vision to begin corporate social responsibility and social contribution across the nation.

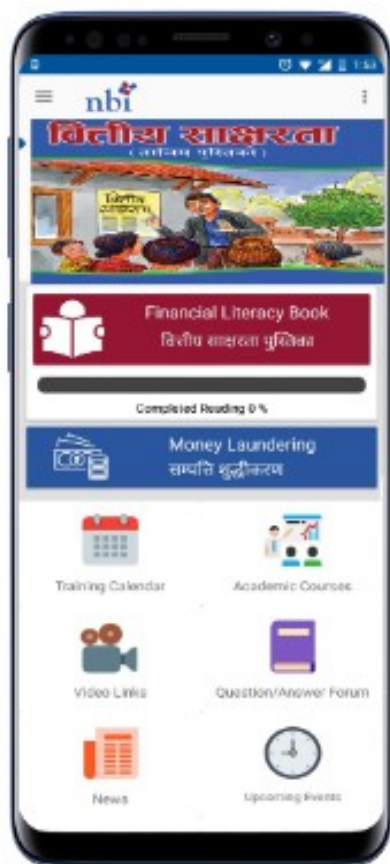
Through this app, NBI has taken the initiative to help communities at the base of the pyramid to understand the importance of saving habits and financial planning to some extent. The app includes the content such as the introduction to Financial Literacy, the financial planning development, family budgeting, saving, loan, insurance, etc. The app also includes interactive quizzes and exercises relating to financial literacy for easy and proper understanding of the skills and knowledge. The app also allows you to evaluate your level of knowledge and understanding in financial literacy by solving the quiz questions.

Banking and financial institutions, as a provider of financial products and services, it's their duty to provide clients and the communities they serve with financial education tools and resources, so that the next generation is equipped to lead fiscally responsible lives. This will also help financial institutions to capture the untapped business opportunities especially in rural areas of the country. Banks and financial institutions can play a key role in helping to improve consumers' financial literacy so they can make informed decisions and begin building and preserving their assets.



NBI Mobile App

Now Available on:



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Speech from Finance Minister Dr. Yuba Raj Khatiwada

Dr. Yuba Raj Khatiwada, Finance Minister of Nepal, also presented his critical statements in the conference. He started by highlighting his role as the promoter, regulator and the resource person for NBI over the years. He further added that the country is in need of carrying on the agenda of good governance, high integrity, greater banking efficiency through the best service at the least cost possible by leveraging resources in the most productive areas. He opined that companies cannot be self-sufficient, which is why they need to think of pooling in resources from within and from outside of the country.



Dr. Khatiwada raised a very serious issue by stating that as leaders, the top management should first themselves be ethical. He highlighted how currently ethical business practice is defined in terms of reducing the lending rates and making less profit, which obviously is a very myopic view. He added responsibility, accountability, compliance, timely and transparent reporting as the major aspect of ethical conduct. These aspects do not encourage the businesses to compromise on reducing profits. Rather, these forces encourage the businesses to plough back the profits into the business instead of taking away the chunk of earnings back home.

While talking about reinvesting the profit, Dr. Khatiwada specifically highlighted the fact that in the process of ploughing back the earnings, if the banks use wrong way or approach, it is unethical and unacceptable. He stated that for banks, ethical conducts allow the banks to play their roles as per the rule of the land and if the state finds any discrepancies in their activities, it is the right and obligation of the state to intervene and penalize the perpetrator without being biased. The state, in this regard, has the responsibility to make the market functional, organic, and competitive.

Speech from Finance Minister Dr. Yuba Raj Khatiwada cont....

From a long term perspective, Dr. Khatiwada expressed collaboration as the major tool to help other sectors grow in parallel with the banking sector. With good human capital and technological intervention, a collaborative platform can help create sustainable businesses, maintaining overall stability and a room for improvement in the economy.

As the finance minister of the country, his focus

was on directing the money and resources towards good enterprises that create value for the society.

He defined a good investment as one that adds value to the whole economy. He opined that an investment, to add value, must help others to grow too. If it does not do so, the investment will stagnate over the time. Thus, he stressed on letting others grow along with oneself.

Towards the end of his keynote, Dr. Khatiwada highlighted the challenges to Nepalese banking sector and the role that NBI can play to overcome those challenges. He stressed on new compliance rules innovated in global finance world, risk-based supervision approach, forward looking supervision requirement, IT related frauds, and emergence of disruptive technology as the major emerging challenges for banking industry. With the development of online payment system, there has been growing need for strong IT related laws. Next step for the banking sector is to digitize signatures and to develop a backup system in cases when the server and system gets hacked. In solving all these challenges, NBI can play an instrumental role as a coordinator to create a discourse between different stakeholders to bring about plans for tomorrow to develop apt human capital for the banking industry. As the closing remark, Dr. Khatiwada stressed on the need for a refresher course to develop the needed human capital. NBI's role is prominent in creating the refresher course, which needs to be updated with time to account for the changes in the financial sector.



Speech from Governor Dr. Chiranjivi Nepal

To support Dr. Khatiwada's perspective on human capital development through technological intervention, Dr. Chiranjivi Nepal, Governor of NRB, also highlighted the need to automate services by banks and financial institutions to fulfill customer expectations, even at the lower strata of the economy. Banks now need to invest extensively in strengthening their risk management framework to tackle growing cyber risks. However, the automation should not make human capital redundant. Rather, the process should support and simplify human decision making. Thus, it is important to develop human capital with high knowledge on risk management and technology

adoption. NBI can play pivotal role in identifying better management, risk mitigation, and regulatory, ethical and professional practices by creating contents to develop human capital that can adapt to technological intervention.

Automation and digitization are the need of present context because they can help banks and financial sectors reduce their operational cost. With banks like Nepal SBI introducing AI-based banking service, innovation is coming into the banking sector. AI based banking can help banks identify differing preferences of customers of different age, demography, creed, culture, etc. Hence, banks should focus more on automation and technological adoption rather than competing on opening more branches. The branch-based banking system may very well be obsolete in the next 10 years given the dependence of customers in digital transactions at present.



Fire Side Talk

Banking now and tomorrow—Challenges and Opportunities

Mr. Tamal Bandyopadhyay, Senior Economic Journalist, India

Mr. V. Vaidyanatham, MD and CEO, IDFC Bank

Mr. V Vaidyanatham focused on the opportunities existing within the financial ecosystem at the bottom of the pyramid, which seems relevant for Nepal as well. He further opined that the banking community is in need of opportunity seekers than risk takers because the opportunities are immense. The opportunities can be sought out in the bottom of the pyramid or by finding companies that are undervalued for merger. There are plenty of other opportunities that the ecosystem can provide; it just needs a deeper sense of realization amongst the people.

Mr. Vaidyanatham's opinions were more based on his experience in India but his arguments suited well for our economy as well. This also gave subtle hint to the fact that the interlinkage of economies is prominent.



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ANNIVERSARY
CELEBRATION
2009 - 2019
GOVERNANCE - ETHICS - INTEGRITY

Fire Side Talk :
Banking now and Tomorrow -
Challenges and Opportunities

Mr. Tamal Bandyopadhyay
Senior Economic Journalist
India

Mr. V. Vaidyanathan
MD and CEO
IDFC First Bank

Fire Side Talk

Banking now and tomorrow—Challenges and Opportunities cont....

They provided their opinions on:

1. Evolution of Techfins from Fintechs
2. Alliances and collaboration are the future of banking industry
3. Tomorrow, the role of the government in the banking business will be more as a facilitator, which somehow is not the case at present
4. It is not necessary to serve people with financial products and services
5. Non-banking finance companies plays equally important role in economy building of the country.

By integrating lending-buying OCR (income tax document scanning) specialized companies, new banking perspective is coming out in India by connecting the pieces and reducing the cost by leveraging the expertise of specialized companies. Such alliances will not only help in reducing cost of operations, but also make innovation faster and comprehensive.

Mr. Vaidyanatham's opinions were more based on his experience in India but his arguments suited well for the Nepalese economy as well. This also gave subtle hint to the fact that the interlinkage of economies is prominent.



Interlinkages in Global Markets: Impact on Emerging Economies

Mr. Ashish Parsarthy, Treasurer, HDFC Bank

Mr. Ashwani Sindhvani, Chief Executive, FEDAI



The graphic features a large '10' logo on the left, with 'nbi' inside the zero and 'ANNIVERSARY CELEBRATION 2009-2019 GOVERNANCE • ETHICS • INTEGRITY' below it. To the right of the logo, the text 'Panel Discussion' is written in a large, bold, dark red font. Below this, the topic 'Topic : Interlinkages in Global Markets : Impact on Emerging Economies' is written in a smaller, italicized dark red font. At the bottom, there are two portraits of men. The man on the left is Mr. Ashish Parsarthy, Treasurer of HDFC Bank Ltd., and the man on the right is Mr. Ashwani Sindhvani, Chief Executive of FEDAI. Their names and titles are written in dark red text to the right of their respective portraits.

Panel Discussion

Topic : Interlinkages in Global Markets : Impact on Emerging Economies

Mr. Ashish Parsarthy
Treasurer
HDFC Bank Ltd.

Mr. Ashwani Sindhvani
Chief Executive
FEDAI

Another set of panel discussion was conducted on the issue “Interlinkages in Global Markets: Impacts on Emerging Economies”. The panel discussion highlighted the similar problems affecting most of the economies- current account deficit, demographic dividend, oil price dependency, and import dependency. More specifically, countries like ours that are highly dependent on oil imports experience economic fluxes as oil prices have significant impact on emerging economies.

They pointed out that anything anywhere has impact on every economy. Emerging economy face severe impact. They focused on:

- Emerging economies have growing import requirement that puts higher pressure on current account deficit.
- Emerging economies are remittance-dependent

Interlinkages in Global Markets: Impact on Emerging Economies cont....

Example provided was: When the oil producing countries face declining demand, unemployment in their area will affect foreign employment of economies like ours, affecting the inflow of remittance. Thus, decreasing oil prices may be good for short term but the interlinkage between the economies makes it counter-intuitive as it hits the remittance in the long term. Remittance raises the issue of foreign employment, which often receives frowns. But sometimes runaway from emerging economies to Gulf countries does not mean that the market is bad in such economies. Today, large number of workers are working in Oman for FIFA World Cup project. Sometimes, the investors might need liquidity, which they can earn from other economies. The earnings, then, can be repatriated here and productive investment can be made in the country. This has been possible only through global interlinkages between economies.

Similarly, the issues of Brexit is not just the headache and matter of concern for the United Kingdom but for the world economy. Brexit may very well create positive impacts in the long term, giving opportunities to find new partners and new agreement to Great Britain. All these global issues are inter-linked and emerging economies need to strategize better to overcome the challenges and grasp the opportunities posed by such interlinkage.



From left to right : Mr. Ashish Parsarthy (Treasurer, HDFC Bank Ltd.), Mr. Ashwani Sidhwani, Chief Executive, FEDAI

Leadership role in Culture Building

The conference had a panel discussion for yet another important issue: Leadership Role in Culture Building. The panel had Dr. J.N. Mishra, CEO of Indian Institute of Banking and Finance, Mr. P.C. Kandpal, Chief General Manager, Strategic Training Unit of SBI, and Mr. Parshuram Kunwar Chhetri, CEO of Janata Bank Ltd., Nepal as the panelist and the discussion was moderated by Mr. Prakash Rohera, Director, Redwood Edge. The panelist defined culture in terms of recognition, leadership, resources, values, behavior, and beliefs. The panel also agreed on the need to realign the culture along with changing business strategy. However, culture realignment should be undertaken with due consideration to trust and ethics. The need of the present and future is a better compliance environment for which, service, transparency, ethics and sustainability are the major components that each bank and financial company should internalize as their culture.



From left to right : Dr. J.N. Mishra (CEO, IIBM), Mr. P.C.Kandpal (Chief GM, SBI), Mr. Parshuram K. Chhetri (CEO, Janata Bank Nepal Ltd), Mr. Prakash Rohera (Director, Redwood Edge)

Leadership role in Culture Building cont....

Culture in many ways is also the behavior of the people working in the organization. As leaders, the responsible people should focus on making the employees live the values of the organization. In this regard, employee engagement programs are very important for the organizations. Such programs should clearly demarcate personal life values from professional life values to help the employees maintain work-life balance. Organizations should resort to including games and activities in the regular routine with the objective to make the employees realize their personal behavior, organizational behavior, and customer-centric behavior.

Nepalese banking sector is defined by three major qualities: awareness, aspirations and application. In addition, integrity has been the most important quality of Nepal. Nepalese, by nature, are very honest, which is why the integrity is higher amongst the people. This shows that the personal culture also helps in shaping our organizational culture. When the personal values match with organizational values, the employees become more productive. Leaders, in this regard, have to make sure that they align the organizational values with the prevalent personal values of their employees.

To do so, the leaders themselves should be the role model. Nepal is in need of leaders not bosses. The organizations should also realize that the change cannot come solely from middle management; it is a holistic process that requires entire team to join hands. Currently, the entire banking sector is in need to improve sales and responding culture to convince the customers. In every sector, there are people who feel they have learnt enough. Their culture makes them less receptive of new ideas. At the same time, there are people who want to learn, unlearn, and relearn to remain apt in the environment. Hence, leaders have to bear this burden to create a balance between these cultural differences within the organization. Leaders, in this regard, need to develop reading culture amongst their employees. The reading culture will directly help the latter type of people, while it will slowly make the former receptive of new ideas as reading gradually imparts new knowledge and new perspectives.

Thus, the role of a leader is not just limited in taking the team to shared goal. It has more to do with developing a culture that inspires and motivates the people to realize the shared goal and make efforts to achieve them together.

The Deliberation for the Next Decade



From left to right : Mr. Dinesh Khara (MD, SBI), Mr. Sanjiv Malhotra (Board Director, SBI), Mr. Shovan Dev Pant (CEO, Bank of Kathmandu Ltd.), Mr. Tamal Bandyopadhyay (Senior Economic Journalist, India)

The major panel discussion and the awaited session of the day was on the theme of the event : The Deliberation for the Next Decade. The panelists were Mr. Dinesh Khara, MD, State Bank of India, Mr. Sanjiv Malhotra, Board Director, State Bank of India, Mr. Shovan Dev Pant, CEO, Bank of Kathmandu Ltd., moderated by Mr. Tamal Bandyopadhyay, Senior Economic Journal, India.

The theme revolved around governance issues, profits, performance of banks, and board culture of the banks. The guests delivered an important message about boards when end up serving political interest are not very efficient. Another important takeaway from the session was that high number of banks is going after small customer base and they tend to overreach which makes them underpriced and too competitive. Similarly, it's difficult to succeed in over crowded market, there's no global expertise as to what is most convenient.

For the next decade, the guests mentioned that it is advisable to take note of how young generation are the customers of coming decade so technology should go hand in hand with human touch to not lose the current customer base as well.

Ethics in Banking



From right to left : Mr. Ganesh Bahadur Thapa (Former Governor, Nepal Rastra Bank), Mr. Deependra Bahadur Kshetry (Former Governor, Nepal Rastra Bank), Mr. Bijaya Nath Bhattarai (Former Governor, Nepal Rastra Bank), Mr. Sashin Joshi (Former Banker)

Final session of the event was entitled Ethics in Banking with former governors of Nepal Rastra Bank (Mr. Ganesh Bahadur Thapa, Mr. Dipendra Bahadur Chhetri, Mr. Bijaynath Bhattarai) as panelists and moderated by Mr. Sashin Joshi, Former Banker. The session mostly revolved around what each of the governors did during their tenure as governor for the benefit of the banking industry of Nepal. We can all refer to the works done during their tenure for the banking industry to be updated.

Overall, the event was successful in launching its Financial Literacy app, signed MOA with reputed educational institute and stepped further to become better than ever. The day was very insightful and monumental for bankers around the nation, the sessions of the event did justice to the event title “Deliberation for the next decade”.



For videos on the conference, please subscribe NBI's youtube channel on the following name:

National Banking Institute Kathmandu Nepal

PHOTO GALLERY



PHOTO GALLERY



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Program Itinerary

Time	Details
9.00 to 9.30	Registration
9:30am to 10.30 am	Inaugural Session: Dr. Yuba Raj Khatiwada, Finance Minister Dr. Chiranjivi Nepal, Governor, Central Bank Mr. Laxmi Prappanna Niroula, Chairman, NBI Mr. Dinesh Khara, MD, State Bank of India Mr. Gyanendra Dhungana, President, Nepal Bankers' Association Mr. Sanjiv Malhotra, Board Director, State Bank of India Mr. V. Vaidyanathan, MD and CEO, IDFC First Bank Dr. Jibendu Mishra, CEO, Indian Institute of Banking and Finance Mr. Tamal Bandyopadhyay, Senior Economic Journalist, India Note: Launch of Financial Literacy Training Tool Kit Mobile App
10.30 to 11.45 am	Fire Side Talk: Banking now and Tomorrow – Challenges and Opportunities Mr. Tamal Bandyopadhyay, Senior Economic Journalist, India Mr. V. Vaidyanathan MD and CEO – IDFC First Bank
11.45 to 12.00	Tea Break
12.00 to 1.00pm	Panel Discussion Topic: Interlinkages in Global Markets : Impacts on Emerging Economics Mr. Ashish Parthasarthy, Treasurer, HDFC Bank Ltd. Mr. Ashwani Sindhvani, Chief Executive, FEDAI Moderated by
1.00 to 1.45	Lunch Break
1.45 to 3.00	Panel Discussion Topic: Leadership Role in Culture Building Dr. J.N. Misra, CEO, Indian Institute of Banking & Finance Mr. P.C. Kandpal, Chief General Manager, State Bank of India Mr. Parshuram K. Chhetri, CEO, Janata Bank Nepal Ltd. Moderated by : Mr. Prakash Rohera, Director, Redwood Edge
3.00 to 3.15	Tea Break
3.15 to 4.00	Panel Discussion Topic : The Deliberation for the Next Decade Mr. Dinesh Khara, MD, State Bank of India Mr. Sanjiv Malhotra, Board Director, State Bank of India Mr. Shovan Dev Pant, CEO, Bank of Kathmandu Ltd. Moderated by Mr. Tamal Bandyopadhyay, Senior Economic Journalist, India
4.00 to 4.15	Tea Break
4.15 to 5.15	Governors Panel – Former Governors to discuss on Ethics in Banking Mr. Ganesh Bahadur Thapa, - Former Governor of Nepal Rastra Bank Mr. Deependra Bahadur Kshetry – Former Governor of Nepal Rastra Bank Mr. Bijay Nath Bhattarai – Former Governor, Nepal Rastra Bank Moderated by Mr. Sashin Joshi, Former Banker
5.15 to 5.30	Closing Remarks