

A QUARTERLY NEWSLETTER OF KHUSHALI MICROFINANCE BANK

# Grassroots

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# CEO's Message

Dear Colleagues!

The highlight of this quarter is the successful completion of 17 years of Khushhalibank. Every year the anniversary celebrations are held across the network with much enthusiasm as an accolade to the journey that began in 2000 and has continued with the same vigor enabling the Bank to overcome challenges, set benchmarks and emerge as the largest microfinance bank in Pakistan. Under the stewardship of an experienced Board, the hard work and dedication of Khushhalibank's staff has led the bank to expand to a network of 148 branches. Over a time span of less than two decades, Khushhalibank has touched more than 5.5 million lives, and the number is growing exponentially. Serving the underprivileged segments of the society, Khushhalibank has always felt the responsibility to set industry standards in product development and service delivery. This quarter, we successfully achieved SMART Certification by MicroFinanza Rating which is an acknowledgement of Khushhalibank's adherence to the industry's Client Protection Principles, and reiterates our focus on bringing positive changes in the lives of people we serve.



In the coming times, the pinnacle of our attention is the deployment of digital technologies to streamline our banking operations for a better customer experience. We expect that these efforts will supplement our plans to reach the financially excluded communities across the country. In the end, I would urge all of my colleagues to actively contribute in helping Khushhalibank achieve new targets and work together to build a better tomorrow.

Best Wishes,  
Ghalib Nishtar

## Quarterly Data July to September 2017

### DATA AS OF SEPTEMBER 2017

<b>Active Borrowers</b>	<b>650,373</b>
<b>Cumulative Loans Serviced</b>	<b>5,772,888</b>
<b>Cumulative Disbursements</b>	<b>136,553,765,557</b>
<b>Active Savers</b>	<b>1,595,676</b>



# Fifty Seventh Meeting of the Board of Directors of Khushhalibank

The 57th meeting of the Board of Directors of Khushhali Microfinance Bank Limited for the third quarter was held on September 15, 2017 at Marriot Hotel Karachi. Directors reposed confidence in the Management and appreciated their commitment and support towards supplementing KMBL's growth. It was the third meeting of the year 2017 and several important issues were discussed. Directors reviewed the operating results and economic update for the quarter ended June 30, 2017. Business updates

for the quarter showed that the Bank is doing well and surpassed business performance targets set for Q2-2017.

The agenda of the meeting also covered update on a fund that KMBL is currently contributing to, the Microfinance Social Development Fund (MSDF). The Board then proceeded to approve the new and updated policies of the bank.

Towards the end the Board appreciated the President and his team for their efforts and showed overall satisfaction with their performance.

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## Asian Development Bank's 50<sup>th</sup> Anniversary



Asian Development Bank celebrated its 50th Anniversary on July 6, 2017. The event was held in Serena Hotel, Islamabad and entailed a panel discussion as well. The discussion was moderated by ADB's Werner Liepach and focused on key lessons from Pakistan's development experience. Ghalib Nishtar, President KMBL was invited as a panelist to discuss his experience with respect to the development of microfinance industry of Pakistan. Panelists included Finance Minister Ishaq Dar, ADB's Vice President Zhang, Governor State Bank of Pakistan- Tariq Bajwa, and Abid Qaiyum Suleri of SDPI.

# PMR 2016 Launch & All Members Meeting

The Pakistan Microfinance Network held the launch event of Pakistan Microfinance Review 2016 followed by an All-Members meeting. The event was organized on August 28, 2017 in Marriott Hotel, Karachi.

The event began with a discussion of key aspects of PMR 2016 - annual state of the Microfinance sector report. Following this, a panel discussion was held to discuss the current landscape of microfinance industry in terms of performance, challenge, risks as well as opportunities. This session was chaired by Ghalib Nishtar, President

KMBL. In light of the recent focus of the industry on digitization, discussions were also held on Digital Service Platform and Credit Information Bureau.



## Khushhali Microfinance Bank Achieves SMART Certification

MicroFinanza Rating began an independent assessment of KMBL's policies and practices in March 2017 with respect to globally set principles of client protection. After completion

up of microfinance leaders from around the world who believe that protecting clients is not only the right thing to do, but also the smart thing to do. By providing microfinance institutions the tools



of the assessment in August, the bank has been conferred a SMART Certification by MicroFinanza Rating for successfully demonstrating adherence to the industry's Client Protection Principles. The certification is an independent, third-party evaluation that publicly recognizes financial institutions that take adequate care of their clientele. The certification is another laurel that Khushhali Microfinance Bank has achieved for its exemplary banking practices.

The SMART Campaign is a global initiative made

and resources they need to deliver transparent, respectful and prudent financial services to all its clients, the SMART Campaign is helping the industry in achieving its two goals of helping clients and attaining long term financial success, as well as making microfinance a model of responsible banking around the world.

SMART certification is a major achievement for Khushhali Bank as it validates the bank's focus on client service.



# Khushhali Microfinance Bank Boosts Core Banking Operations with Oracle

Khushhali Microfinance Bank Limited has selected Oracle Engineered Systems as part of the ongoing IT infrastructure upgrade required for its plans to boost business growth and service quality. Hence the Bank joins the ranks of global microfinance banks to deploy its core banking applications on Oracle Exastack.

With plans to expand business by 2020, and a newly acquired core banking application, the Bank needed a reliable, robust and scalable infrastructure to deliver the performance needed for the new software and other surrounding applications. Khushhali Microfinance Bank also wanted to consolidate its data centre footprint and find ways of lowering operational costs by reducing man-hours for administrative and maintenance tasks.



Khushhali Microfinance Bank selected a suite of Oracle Engineered Systems including Oracle Exadata Database Machine X6-2, Oracle Exalogic Elastic Cloud X6-2 and Oracle ZFS Storage as the hardware platform to support its core banking. These integrated systems are architected, integrated, tested, and optimized to work together and for the specific workloads they support. This results in easier deployment and upgrades, and more efficient systems management, which will help the bank to ensure high levels of performance and availability and cut complexity and costs. As these solutions are also part of Oracle's cloud-ready infrastructure portfolio, they will also help the bank future proof this investment and be able to embark on the journey to the cloud when it is ready. Oracle Advanced Customer Support will implement the Oracle Engineered Systems and Database options, with the storage and backup solutions deployed by a member of Oracle Partner Network.

# Area Managers Conference

During this quarter, an Area Managers conference was held on August 10-11 in NIBAF, Islamabad.

This conference provides an opportunity to the Area Managers and the Retail team to take a deep dive into the results and to hash out upcoming plans, strategy questions along with any potential problems that may be nudging sales and marketing teams out of alignment.

During the meeting Area Managers discussed the sales results in detail and also identified the gaps and corrective strategies planned to increase sales in order to fill these gaps.

Retail team conducted comprehensive presentations and discussions on challenges and way forward of all products. They presented a branch wise analysis of performance and

gathered feedback regarding amendments in products.

Moreover, another session was conducted by Head Retail, Amina Hassan and National Distribution Manager Aftab Alam on the role of AMs as Strategic Managers while discussing other important issues like non-compliance, SBP inspection observations, and ways to improve business conduct, compliance and controls culture.

Ghalib Nishtar, President KMBL concluded the meeting with the Bank's 17th anniversary wishes. He appreciated the front line staff for their efforts towards the Bank's achievements while advising them to continue working hard with great passion and enthusiasm.



# MSME Training for Relationship Managers

MSME training for Relationship Managers of KMBL was held in July.

The objective of this training was to provide insights, perspectives and tools to RMs required to understand MSME lending technology and improve decision making and loan monitoring.

The content of the training covered the dynamics of MSME banking along with the business and regulatory framework for MSME Financing. This

was followed by comprehensive sessions on Service Quality and Team Building. The objective of these sessions was to prepare the RMs to create solid relationships and establish a strategy for great teamwork. These highly interactive sessions made use of group activities and games that reflected the real workplace challenges and enabled the RMs to apply their team skills, concepts and insights to their jobs.





## Cap Plus Webinar: Up scaling Khushhalibank: Transitioning to Profitably Serve the Missing Middle

During this training RMs also joined Cap Plus live webinar. In this webinar, Ghalib Nishtar, President KMBL and CapPlus Senior Advisor Lisa Thomas presented a case study on Khushhali's transition to the largest MSME bank in Pakistan. The agenda of the webinar included the following:

- Doing market research to understand a new client base;
- Growing with your client to meet their financial needs;
- Changing risk approaches and the guarantee model;
- Diversifying your products;
- Being competitive;
- Value from mining and understanding SME data that you will gather.

The feedback session was attended by President and Head Retail Banking. Participants shared their learning experiences and feedback regarding real time challenges in MSME in KMBL.

In his remarks, the President KMBL highlighted the need and importance of MSME. He said, "MSMEs play a significant role towards boosting economic growth, poverty reduction and social inclusion across the globe. There are tremendous opportunities in the small business segment, so we are expanding our portfolio in MSME and providing training opportunities by selecting best training consultants from the world to come and train our employees on MSME banking".

## Khushhali Microfinance Bank Celebrates 17<sup>th</sup> Anniversary

Every year August 11 marks the completion of one more year for Khushhali Microfinance Bank Limited. This year Khushhali celebrated its 17th anniversary where the staff collectively rejoiced the bank's successes of the past years in delivering its vision of rebuilding lives and creating employment opportunities by financing small businesses across Pakistan, thereby contributing towards a

prosperous future. Khushhali Microfinance Bank was established in 2000 as a pioneer bank in the microfinance industry of Pakistan and since then, it has successfully managed to reach unbanked communities, fostering Financial Inclusion and social impact within the country. With its complete range of financial services customized for various segments, the bank has enabled



millions living near the poverty line to attain financial independence and improve their living standards. Over the past 17 years, Khushhali Microfinance Bank has served more than 5.5 million clients across Pakistan. With a network of 149 branches, the bank aims to provide opportunities for progress at the grassroots level that can lead to sustainable development in the country.

The anniversary ceremony was held in Serena Hotel, Islamabad. The event began with the CEO's remarks over the bank's performance and vision for the future, followed by an Awards Ceremony to recognize and appreciate the employees for their continued dedication and commendable performance for KMBL. The top performing employees were awarded "Star Employee of the Year" award, along with service awards for employees who completed 5, 10 and 15 years of service milestones with KMBL. The business team also distributed awards to the field team recognizing their efforts over the past year.







## Promoting Entrepreneurship through Skill Enhancement

In a bid to promote skills enhancement resulting in entrepreneurship and economic empowerment, Khushhali Microfinance Bank entered into an agreement with The Hunar Foundation to sponsor the technical education fee of six students enrolled at institute for the academic year 2017-2018. These students are studying

Advanced Mechanical Trade at the institute. Khushhali Bank has sponsored students of Hunar Foundation in the past as well. KMBL realizes the huge potential in the youth of Pakistan and takes keen interest in the initiatives aimed towards encouraging education and skill development of the next generation.



## Green Office Initiative with WWF-Pakistan

In July 2017, KMBL entered into a contract with World Wide Foundation for Nature- Pakistan (WWF-Pakistan) to implement Environmental Management System (EMS) in its corporate office with the objective to join hands with WWF's global effort for environment conservation. The implementation of EMS entails dedicated efforts into reducing carbon dioxide emissions of an office as well as its ecological footprint. The basic steps include reducing wastage of resources, reducing wastage of energy and recycling and reusing waste. WWF Green Office Team

collected an initial assessment report from the office to benchmark the needs of improvement and track its progress. A KMBL Green Team is formed comprising of representatives from each department in order to facilitate the implementation process. WWF Green office team conducted the first training session in September. Following the training session, action plan is being finalized and implantation will begin in October 2017. It is hoped that after successful implementation of green initiatives, the Bank will be able to achieve Green Office Certification.



## WWF-Pakistan and Khushhalibank Collaborate for Tree Plantation

Continuing their journey for a greener Pakistan, Khushhali Microfinance Bank and WWF-Pakistan collaborated once again to plant at least 2,000 indigenous trees as part of the second round of WWF-Pakistan's Tree-A-Thon Activity. This association is one of its kind, where both organizations are committed to raising awareness about the importance of trees and regular plantation among their employees as well as delivering a message to a wider audience regarding the importance of environment conservation and Khushhali bank's commitment to the cause.

Khushhali Microfinance Bank aims to protect and create awareness for environment as a key aspect

of its mission to transform lives in Pakistan. Our collaboration with WWF is not just to emphasize the importance of planting trees, but also of growing trees. The long-term stewardship and planting of trees should be seen as creating viable assets for communities.

Over 150 KMBL employees, including senior management, participated in the second round of the tree plantation drive. Saplings were planted in the Green Belt, opposite Chaman Metro Station, G-8/1, Islamabad. The first round of the drive was held in May 2017 in Kachnar Park, where KMBL senior management along with representatives of WWF-Pakistan planted tree saplings.

## Promoting Agriculture through CSR

Khushhali Microfinance Bank organized an awareness session on Cotton crop for small local Cotton farmers at Hasilpur. The event was managed by KMBL Bahawalpur branch while Human Development Foundation extended support towards mobilization of the local farmer's community to participate in the event.

The training is part of the CSR initiatives of the bank and was designed to train farmers about effective farming practices. The province of Punjab contributes



to over 70% of the country's total cotton production, and Hasilpur is part of the cotton belt of Pakistan. The lecture was attended by over 300 local farmers. The enthusiastic response to the training shows that the locals are in need of more such opportunities.

Cotton farming expert, Muhammad Malik Yousaf, Director, Arid Zone Research Institute of Pakistan Agriculture Research Council in Bahawalpur and Bashir Ahmed. Pest expert was requested by the Bank to conduct the awareness session. Farmers participated actively in the session and interacted with the trainers. Majority of the training session was based on the technical issues pertaining to the cultivation of cotton. In general, the trainer discussed the importance of cotton crop for Pakistan's textile industry and its exports, the varieties of cotton grown in Pakistan along with the recent changes in the production technologies.

The talk also included discussion on issues pertaining to agriculture and their solutions; profitable practices for livestock farming; benefits and need of kitchen gardening; profitable cultivation of horticultural crops; and various ways to tackle the extreme shortage of water.

KMBL hopes that the local farmers avail such opportunities to the maximum of their benefit and learn more about formal information centers that are available for their assistance.

## Expanding the Scope of Dreams Story of IJAZ HUSSAIN



Ijaz Hussain is a small business owner based in Shahdarra, Lahore. He runs an embroidery unit where he gets orders from famous local brands for embroidery on unstitched cloth. Over the past couple of years, Ijaz's business was being adversely affected by excessive load shedding. Due to power outages, his machines would remain idle for hours over a day, thus delaying completion and delivery of committed orders. Not only did this increase his costs but also led to loss of repeat orders from valued customers.

This is when he came to know about Khushhali Microfinance Bank. With a loan of PKR 500,000 Ijaz bought a unit of UPS and batteries for his business. The uninterrupted power supply helped him restore his production time to full capacity. Not only was he able to deliver his orders timely but was also able to take more orders. Production increased, so did profit. As a future aspiration, Ijaz wishes to expand his business unit by availing more financial assistance from Khushhali Microfinance Bank.

Talking about the benefit of the loan, Ijaz Hussain commented, "I was afraid of losing my customers as I was lacking behind schedule in completing the orders. I am very happy that I took this decision of reaching out to Khushhali Bank. Their timely processing of my loan helped me improve my working conditions. My customers are satisfied and so am I". He reiterated the importance of loans for small entrepreneurs and said that instead of asking help from friends and relatives, it is always better to approach banks which are there to facilitate us.



“ کرنٹ ڈپازٹ  
اکاؤنٹ ”



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