

Sakcham's Branch Less Banking Initiative Gathers Momentum

Introduction

Nepal's topography consists primarily of 'difficult' terrain. This means additional challenges for Banks and Financial Institutions (BFIs) to provide financial services in the most remote outposts of the country, which predictably, are home to Nepal's most poor communities. Establishing physical branch offices in such areas is often not feasible for BFIs due to the low population density and lack of basic infrastructure – roads, electricity etc. Here Branch Less Banking (BLB) – an agent based banking model that makes banking services available in smaller market areas that are closer to the communities - becomes an attractive, cost effective alternative delivery channel to take a range of financial services to the rural poor.



Figure-1: Sakcham's Branch Less Banking Initiative in action

The UKaid Sakcham Access to Finance Programme has partnered with BFIs to establish a total of 364 BLB touch points in 32 districts. Out of the total 364 BLB touch points, 173 are being established in earthquake-affected districts, whereas 191 are being established in the mid- and far-western development regions.

Sakcham Earthquake Response BLB Programme

After the Gorkha Earthquake, a large number of branches of BFIs were severely damaged, affecting the quality and access to financial services in the 14 most affected districts. As such, there was an immediate need to restore financial and banking services in the earthquake affected areas as well as to expand the outreach of financial institutions to move relief money in an efficient and transparent manner. To this end, Sakcham partnered with 7 prominent commercial banks through a competitive process to launch the 'Sakcham Earthquake Response BLB Programme'. The programme involves the launch of 173 Point of Sale (POS) machine-based Branch Less Banking (BLB) touch points across the 14 districts.

As of March 31, 2016, Sakcham's partner banks have launched 123 BLB touch points across all 14 of the earthquake affected districts. Figure-2 below shows the 7 partner banks and the 14 earthquake affected districts.

Bank / District	Dhading	Dolakha	Gorkha	Kavre	KTM Valley	Makwanpur	Nuwakot	Okhaldhu	Ramechhap	Rasuwa	Sindhuli	Sindhupalchowk	Grand Total
Citizens		3					31			1			35
Global IME												3	3
NIBL		2	1	8		3	2		3		1	1	21
NMB													0
RBB	1	3				5		8	6		4		27
Sanima	15				4								19
Siddhartha				6	2	6					4		18
Grand Total	16	8	1	14	6	14	33	8	9	1	9	4	123

Figure- 2: Status of BLB touch points in the Sakcham EQ Response BLB Programme as on March 31, 2016

Sakchyam Supported BLB in the MWDR and FWDR

S/N	Organization	Total BLBs	Rolled Out	Districts
1	Mega Bank	30	7	Achham, Baitadi, Dadeldhura, Dang, Kailali, Salyan
2	UNYC (FINGO)	1	0	Dadeldhura
3	Global IME Bank	10	6	Baitadi, Dadeldhura, Kailali, Kalikot
4	NMB Bank	50	0	Banke, Bardiya, Dang, Kailali, Kanchanpur, Surkhet
5	Nirdhan Utthan Bank	20	0	Achham, Bajhang, Bajura, Banke, Dadeldhura, Darchula, Doti, Humla, Kanchanpur, Mugu
6	NWCSC	2	0	Dang, Pyuthan
7	Janata Bank	50	0	Achham, Dang, Darchula, Kailali
8	NIBL	28	0	Achham, Bajhang, Bajura, Darchula, Doti
TOTAL		191	13	

Sakchyam is also partnering with 8 BFIs for the establishment of 191 BLB touch points in the Mid-Western and Far Western Development Regions of Nepal (Figure-3). As of March 31, 2016, 13 BLB touch points have been established and have started operations.

Figure-3: Sakchyam's Partner BFIs in MWDR and FWDR

Transactional and Performance Updates Till Date

The services available through the BLB touch points include deposit and withdrawal facilities, balance enquiry, money transfer, printing of mini statements, mobile phone top-up and utility bill payments. The availability of BLB services at nearby places has been very beneficial to the locals as it has saved time and money spent on travelling to and from town centres and village hubs to avail simple banking facilities.

The total amount of deposits collected by Sakchyam's partner BFIs through the BLB touch points as on March 31, 2016, is NPR 17.97 million. The total deposit has been increasing at an impressive average rate of 16% per week. (Figure-4)

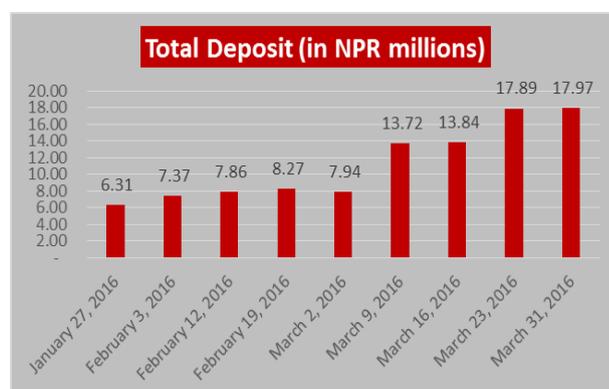


Figure-4: Weekly trend of Total Deposit collected

A total of 6,883 new customer accounts have been opened by Sakchyam's partner BFIs through the BLB touch points. The number of account opened has been increasing at an average rate of 12% per week. (Figure-5) The BLB touch points have performed a total of 10,952 transactions. The number of transactions has been increasing at an average rate of 12% per week. (Figure-6)

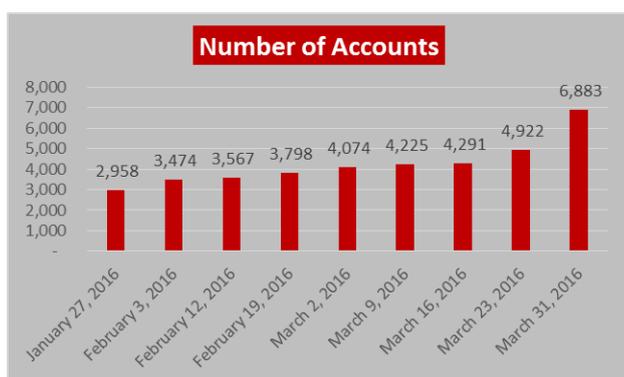


Figure-5: Weekly trend of Number of Accounts opened



Figure-6: Weekly Trend of Number of Transactions

Conclusion

Before Sakchyam's intervention, there were around 500 BLB touch points across Nepal out of which only 300 were operational. With the addition of Sakchyam's 364 BLB touch points, the total number of BLB touch points will reach around 900. Besides the BLB touch points already commissioned till date, Sakchyam is continuously seeking more partners who want to contribute to the BLB initiative. As such, the number of BLB touch points could potentially be greater than currently estimated.