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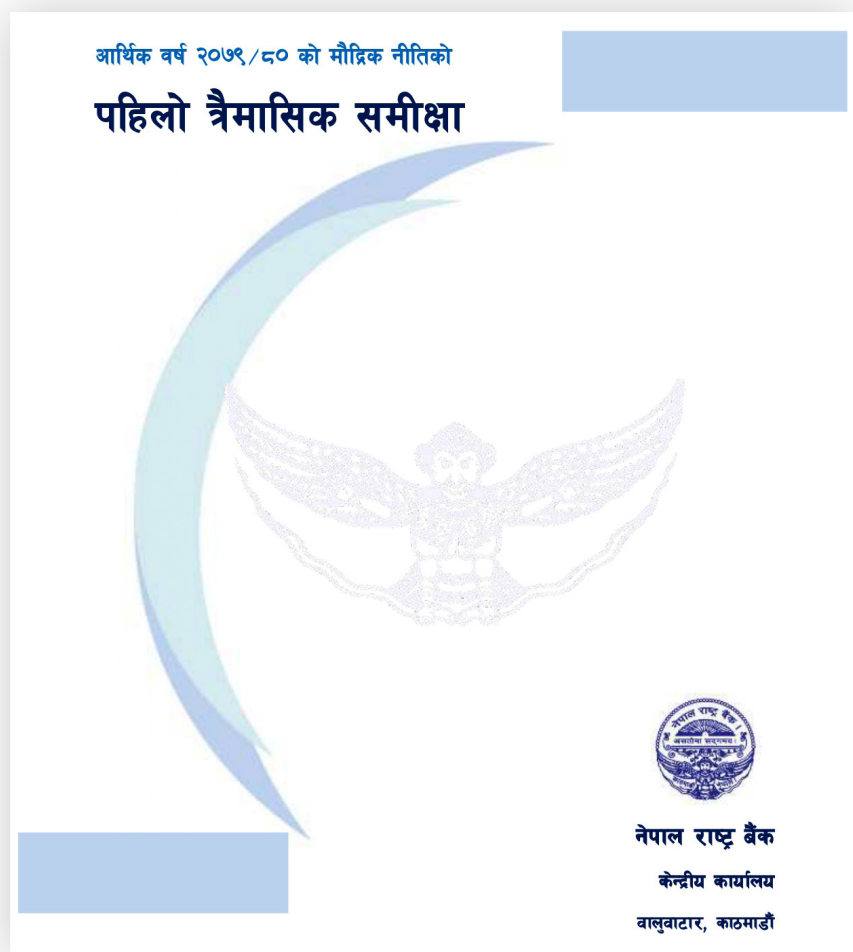
Volume 50

NRB Released the First Quarter Review of Monetary Policy

Nepal Rastra Bank (NRB) has released the quarterly review of the monetary policy of FY 2079-80. NRB released the review on November 27, 2022 through a virtual press conference.

In view of the implementation status of the measures taken in the monetary policy and the existing national and international economic situation and outlook, the direction taken in the annual monetary policy has been continued in the review. Also, the goals and projections of the policy have been kept unchanged. It is mentioned in the policy that liquidity will be managed in such a way as to prevent any disruption in the payment system, to support reflected credit flow and not to allow increase in interest rates in short run.

It is stated that the investment made by Banks and Financial Institutions in the bonds issued by the public limited companies related to the agricultural sector in the



secondary market will be allowed to count within the specified limits so that the bank has to invest minimum loans in that sector.

Arrangements will be made to maintain the spread of commercial banks from 4.4 to 4.0 percent

and the average spread of development banks and finance companies from 5.0 to 4.6 percent. With this, it is expected that the premium rate charged by Banks and Financial Institutions while setting the loan interest rate will decrease and balance



will also be brought to the loan interest rate. It is also mentioned in the review that regular monitoring of premium rate will be arranged.

According to the quarterly

review, microfinance financial institutions will have to publish the base rate monthly from January 2023. The policy states that those financial institutions that could not comply with CD

ratio, the fine imposed will be reviewed based on liquidity risk as well. The working capital loan guideline that is under implementation will be addressed based on the suggestions received.

Governor Adhikari Participated in 42nd SEACEN Board of Governors' Meeting



Governor Mr. Maha Prasad Adhikari participated in 'SEACEN-IMF-STI High Level Seminar', 'SEACEN-IMF-STI High Level Seminar' and '42nd SEACEN Board of Governors' Meeting'. These events were organized in Siem Reap, Cambodia on December 4 - 6, 2022.

The high-level seminar was attended by Ms. Christine Lagarde, President of the European Central Bank, the officials of the International Monetary Fund (IMF) and the governors of the central banks of the member states. In this seminar, the impact

of COVID infection in world economy, symbols of global economic recession, increasing inflation and the impact of climate change on the economy were discussed.

In the meeting, President Lagarde pointed out the need to consult with experts related to climate change, epidemics, and other areas such as controlling global inflation as a challenge for all central banks, including the COVID infection, Russia-Ukraine geopolitical tension and limited fuel resources.

During the meeting, there was also a round table discussion with presentations

on various current issues from the IMF. In that discussion, Governor Adhikari expressed the opinion that it is necessary to address the risks in the banking sector due to climate change through capital funds of banks.

In this occasion, Mr. Mangal Goswami, Executive Director of SEACEN informed about the organizational activities in 2022 and the status of implementation of the current strategy. Proposed program for the year 2023, budget, appointment of auditors and other issues were discussed during the meeting.

Launch of Digital Financial Literacy Program from Darchula

Digital Transaction is the Backbone of Transparency: Governor Adhikari

Nepal Rastra Bank has launched Digital Financial Literacy (DFL) program from Darchula district of Sudur Pashchim Province.

This event was launched during a program organized on December 23 at Khalanga, Darchula. Governor Mr. Maha Prasad Adhikari mentioned that there has been a significant increase in electronic payment transactions in recent times and informed that the program has been started to further promote and encourage digital transactions. “It has been found that more than 4.2 million transactions have been made through QR only in one month. This is an exciting situation in itself. We have launched a digital financial literacy program to further encourage digital transactions.” He said.

Terming digital transactions as the ‘backbone of transparency’, Governor Adhikari opined that digital transactions will also help in corruption control and promotion of good governance. He emphasized for neediness to make electronic payment transactions more effective for the development of digital



economy by implementing the ‘Digital Nepal Framework’ of Government of Nepal.

He also requested everyone to be aware of the risks that may raise in digital business. On this occasion, Mr. Guru Prasad Paudel, Executive Director of Payment System Department (PSD) expressed a welcome speech and highlighted the purpose of Digital Financial Literacy Program. He also informed about the current situation and indicators of electronic payment transactions in Nepal.

On this occasion, Ajit Regmi, Director of the Office of the Governor, presented a working paper and informed about the relevance of

digital financial literacy, its basic aspects, digital financial services available in Nepal, its benefits, precautions to be taken in business, etc.

More than 100 people, including Mr. Binod Raj Lekhak, Director of Dhangadhi Office provincial head of commercial banks of Sudur Paschim Province, representatives from Banks and Financial Institutions, Darchula Industry and Commerce association, Agricultural Knowledge Center, local cooperatives and students participated in the program.

Meanwhile, the Digital Financial Literacy program was organized at Myanglung Bazar in Tehrathum. The



program was organized in the presence of Deputy Governor Mr. Bam Bahadur Mishra. On this occasion, Deputy Governor Mishra mentioned the importance of financial literacy and discussed the efforts made by Nepal Rastra Bank for its promotion and financial

inclusion. In this program, Mr. Mukti Nath Sapkota Director of Office of the Governor informed about various aspects of digital financial literacy.

With the aim of promoting and encouraging electronic payment transactions, Nepal Rastra Bank has been

adopting related policy arrangements in recent years. In the monetary policy of FY 2079-80, it is also mentioned that necessary institutional coordination will be done to celebrate the current fiscal year as the 'Electronic Payment Business Promotion Year'.

Governor Adhikari Participated in 'South Asia's Path to Resilient Growth'



Governor Mr. Maha Prasad Adhikari participated in a high-level seminar entitled 'South Asia's Path to Resilient Growth' on January 26, 2023 in New Delhi, India organized by International Monetary Fund (IMF).

In the opening session of the conference, a book titled 'South Asia's Path to Resilient Growth' published by IMF, was released. On this occasion, Ms. Antoinette Sayeh,

Deputy Managing Director of IMF, presented a summary of the contents of the book.

As an expert speaker in the High Level Policy Panel Discussion of the conference, Governor Adhikari stated that there has been significant progress in electronic payment transactions in Nepal after the COVID-19 and this has helped in enhancing transparency and good governance and prevention of money

laundering. He also pointed out the need to take the imbalance seen in world geopolitics as an opportunity to take the country to the path of sustainable economic growth through structural reforms of the Nepalese economy.

In the closed group meeting organized in the presence of Ms. Antoinette Sayeh, Deputy Managing Director of IMF during the conference, Governor Adhikari discussed that

IMF's training center in New Delhi has played an important role in the capacity development of the central banks of SAARC countries and will provide necessary support to IMF to make the capacity building and technical assistance more effective in the future. Nepali Ambassador to India Dr. Shankar Prasad Sharma also expressed his opinion

as an expert speaker during the program.

In the opening session of the conference, Mr. Shaktikanta Das, Governor of Reserve Bank of India (RBI) addressed as a special speaker and expressed his views on the current economic challenges faced by SAARC countries. He emphasized on the need for the policy priorities of

the SAARC region to price increase control, external debt risk management, productivity growth, fuel security and coordination for building a green economy in the SAARC region.

The conference was attended by the governors of central banks of SAARC countries along with senior officials of IMF.

Secretary Raya Takes Oath as Board of Directors of NRB

Mr. Toyam Raya, Secretary at Ministry of Finance (MoF) has taken oath as the Board of Directors of Nepal Rastra Bank on January 12, 2023.

Rt. Hon'ble Acting Chief Justice Hari Krishna Karki administered oath of office and secrecy to Raya at a program organized at the Supreme Court. Section 14 of the Nepal Rastra Bank Act, 2058 provides that the Secretary of the Ministry of Finance shall be a member of the Nepal Rastra Bank Board of Directors. In Section 108 (1) of the same Act, there is a provision that NRB board of director must take an oath before



the Chief Justice of the Supreme Court or a judge appointed by him.

The Chief Registrar of the Supreme Court, Mr. Lal Bahadur Kunwar, Registrars; Mr. Narayan Prasad Panthi and Ms.

Nirmala Poudel, Associate Registrar Narayan Prasad Regmi, Director and Secretary of Board of Directors of NRB, Mr. Mukti Nath Sapkota among others were present on the occasion.

The Final Seminar of BOK-KPP, 2022 Concluded



The final seminar of ‘Bank of Korea - Knowledge Partnership Program (BOK-KPP), 2022’ program conducted by the joint efforts of Bank of Korea, Sungkyunkwan University and Nepal Rastra Bank has been concluded. The final seminar was organized in Kathmandu on December 27, 2022.

In the program, Deputy Governor Mr. Bam Bahadur Mishra discussed the economic and cultural relations between Nepal and South Korea and expressed the opinion that Bank of Korea has provided significant support in the

study/research and capacity building of Nepal’s financial sector.

On this occasion, Korean Ambassador to Nepal Park Chong Suk expressed his opinion that the Korean government is committed to cooperate for the development of Nepal’s economic and financial sector.

In the program, separate papers were presented on the subjects related to the study by the joint research team of BOK-KPP, 2022. There was also a discussion among the participants on the working paper. Dr. Nephil Matangi Maskay, Executive Director

of Office of the Governor and Prof. Young-Han Kim, the coordinator expressed the closing speech.

As part of this year’s program, the joint research team of all the three agencies will study and research the subject of ‘Private Sector Credit Growth and its Impact on Real Sector in the Nepalese Economy’ and a memorandum of understanding was signed on July 26, 2022. It is said that based on the feedbacks received in the final seminar, the joint study team will present a final report with policy suggestions to Nepal Rastra Bank.

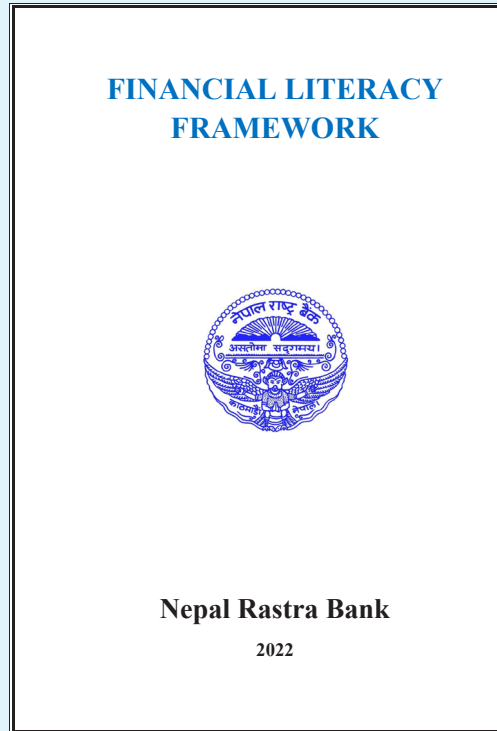


Financial Literacy Framework, 2022 Released

Nepal Rastra Bank (NRB) has released the 'Financial Literacy Framework (FLF), 2022' on October 20, 2022. Governor Mr. Maha Prasad Adhikari released the FLF at a program held in Kathmandu.

The framework has been drafted by further modifying and refining the 'Financial Literacy Framework (FLF), 2022'. It includes digital financial literacy, consumer protection, responsibilities and obligations of Bank & Financial Institutions and payment service providers. In the program, Governor Adhikari discussed the importance of financial literacy and pointed out the necessity of financial literacy for the citizens of all regions.

Ms. Srijana Bastola, Director of Microfinance



Institution Supervision Department (MISD) presented a working paper covering the main themes of the Financial Literacy Framework (FLF), 2022'. In the program, Deputy Governor Dr. Neelam Dhungana Timsina along with Executive Directors and Directors of various departments,

representatives from Bank & Financial Institutions, payment service providers and non-governmental organizations were participated in the program. On this occasion, Dr. Nephil Matangi Maskay, Executive Director of Office of the Governor, expressed his welcome remarks while Director Mr. Ajit Regmi presented the closing speech. Ms. Srijana Chhetri had conducted the program.

While preparing the draft, NRB organized a focused group discussion program with the representatives of the concerned institutions of all the seven provinces. In this way, feedbacks were also collected by holding discussions with the concerned institution, organizing 'peer learning' with the central banks of Uganda and Philippines.

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