

grassroots

July - September 2011

Volume: VII – Edition III

one promise

Our 11th year marks the achievement of more than two and a half million loans to Pakistanis across the country. We strive to support and rebuild ordinary lives by creating the right combination of circumstances through skills and infrastructure development, community empowerment, independence and enterprise. More proof that we're giving common people an uncommon advantage to realize their full potential. Which is why, Khushhalibank is more than a bank. It's a promise.

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Celebrating Khushhalibank's 11th Anniversary

Celebrating 11th Anniversary

Khushhalibank celebrated its 11th anniversary on August 11, 2011. It has been an extraordinary span of time as Khushhalibank has been a catalyst in changing the ground rules for micro financing in Pakistan in the last decade. The bank celebrated its anniversary with a resolve to take on new challenges and set higher milestones as a pioneer in microfinance banking in Pakistan. The journey started eleven years ago in August 2000 with the intent of developing a new space within the financial services industry through mainstreaming microfinance for greater financial inclusion, and with a mission of being a strong relationship bank serving the needs of the vast un-served and rural population of the country. Today, the bank has made significant contribution in empowering hundreds and thousands of lives across the country by providing them financial access to set up and expand businesses.

As Khushhalibank celebrates its 11th anniversary, the bank has reached several important milestones and launched many products and services to benefit the low income segment of the society. The bank has undergone a successful transition from a purely micro credit institution to the launch of full scale banking services. It is the first microfinance organization of the country to introduce international inbound remittance services in 76 districts across Pakistan through a collaborative framework with a leading international franchise.

To commemorate the 11 years of success a ceremony was organized in which employees were given awards and certificates for their relentless efforts and contributions towards bank's achievements and growth. Ghalib Nishtar, President, Khushhalibank, while speaking on the occasion, cited several milestones surpassed in spite of challenging environment over a decade. He said "We have managed to maintain our focus on the double bottom line agenda of financial access to an array of products and services to the un-served segment of the market all across Pakistan with a level of commitment and dedication while remaining focused on institutional sustainability."

President's Message



The Third Quarter witnesses the 11th Anniversary celebrations of Khushhalibank across the network. The bank has over the years not only been the catalyst for the development of the Microfinance sector in the country but has a unique distinction of being the largest Microfinance Institution in Pakistan with a 20% Market share and presence across the country. The process of reforms towards commercialization initiated in 2007 will come to a successful close by the end of the year, as the bank is now able to offer a full range of products and services to its clients supported by robust technology backbone and access to commercial sources of funding and retail deposits.

The reviews in terms of Regional Business meetings and Sales Conferences reflect the impact of the reform process with successful conversion and cultural change from a Microcredit to a Microfinance Institution with a greater degree of confidence and ability exhibited at all levels of staff and leadership within the organization.

In terms of the corporate social responsibility the bank continues to endeavour for the promotion of entrepreneurship in the country through participation and sponsorship of events and as a focal point for linkages with the policy makers, academia, entrepreneurs and the public.

Despite a challenging year with a strong over hang of the effects of the last year's floods, I trust our endeavors for a successful 2011 will be achieved by the end of the year.

World Islamic Finance Summit 2011

The World Islamic Finance Summit 2011 was held in Karachi on September 21-22 under the patronage of State Bank of Pakistan. The theme of the two-day summit was "Islamic Finance growth and opportunities".

The objective of the summit was to bring together industry leaders, academicians, think-tanks, Shariah scholars, regulators and policy makers to catalyze the growth pace in the Islamic Financial sector. The conference was supported by several financial institutions including Khushhalibank.

It was a grand convention that brought together the government and the private sector on a single platform where they exchanged ideas and discussed strategies to promote Islamic Finance in the country. Renowned speakers like Muhammad Kamran Shehzad, Acting Governor, State Bank of Pakistan, Nisar A. Memon, Former Federal Information Minister, Sirajuddin Aziz ,CEO, Bank Alfalah and Shafqaat Ahmed - CEO, Al Baraka Bank deliberated on the subject at the summit.

The summit also provided an opportunity to the government and the private sector organizations to work towards promoting the opportunities for investment in Islamic Financial instruments and gain greater understanding of the challenges faced by the two sectors.

Muhammad Kamran Shehzad - Acting Governor, State Bank of Pakistan, in his keynote address stressed upon the role of the Central Bank in the augmentation of Islamic Finance within the country. He pointed out that the development of Islamic Finance would lead to the increased support for the SME's and the agricultural domains of the country. However, he emphasized that the key challenge is to develop human resource skills and called upon national educational institutes to assist in meeting the need of human capital in the Islamic Finance industry.

The Summit also comprised a CEO power table, 7 panel discussions and a 60 minutes Shariah dialogue session. The speakers and panelists discussed the growth, opportunities and the challenges faced by Islamic Finance not only in Pakistan but also globally. They contemplated upon the key issues that the industry is confronting and the possible strategies that may help to deal with them.



World Islamic Finance Summit 2011

The Regional Business Managers Meeting

The president and regional managers assembled at the Regional Business Managers (RBMs) meeting held on 19th and 20th of September, 2011 at Khushhalibank's Corporate Office, Islamabad. The discussion included presentations by Manager Retail Banking, National Sales Manager and Regional Business Managers. The agenda included initiation of Business Plan for the year 2012, process reviews, resource deployment and achievements against deliverables made to date.

The president concluded the meeting by informing the participants that the retail forum and fundamentals were in place in terms of structure, product & services, marketing, sales, compliance, resource planning and budgeting. The President emphasized that review of trainings was crucial to guarantee staff skill enhancement and advised incorporating growth and competitiveness to the key performance indicators for retail section of the Business Plan.

Market Reforms and Entrepreneurship

Entrepreneurship revolves around innovation and taking prudent business risks that can result in various outcomes. Entrepreneurship results in high growth rates and opportunities which opens avenues to all segments of the society, including the less fortunate. Focusing on this segment of the population is very important as these individuals are immensely talented and vibrant models of entrepreneurship and represent majority of our economy. The state of competition in many Pakistani industries is such that policies protect and subsidize incumbents, inducing the entrepreneurs to focus their energies and limited capital towards rent-seeking activities rather than into productive entrepreneurship.

There are several steps that can be taken to improve this unfavorable business situation. Firstly, a well defined policy, legal and regulatory framework is critical to foster entrepreneurial talent and promote entrepreneurship broadly. The environment of Pakistan is such that it presents one with an opportunity to invest in such policies. Pakistan has a distinct edge with respect to entrepreneurship as it has a flourishing young population which can be productively employed and be part of a growth engine.

In addition, there is need to build safeguards against organized vested interests, which promote capture and biased laws and policies in a country to serve the needs of a selected few. In today's globalized world, policy norms enshrined within the notion of competitiveness build safeguards. Truly, the Government alone or the private sector cannot employ the entire workforce for whom a new discourse is required in terms of our thought process that not only addresses our immediate concerns but also provides a sustained road map for the future.

It is important for the reform process to be holistic in terms of encompassing the entire eco-system that includes policy, entrepreneur, enterprise, support system, service providers, media, community and the public.

Khushhalibank continues to encourage and support endeavors for the promotion of entrepreneurship in the country.

Inauguration of CEL at SZABIST Islamabad

The first Center for Entrepreneurship and Leadership (CEL) by SME Business Support Fund (BSF) was inaugurated on August 01, 2011 at Shaheed Zulfikar Ali Bhutto Institute of Science and Technology (SZABIST) Islamabad by Ghalib Nishtar, President Khushhalibank. Ghalib Nishtar while giving his keynote speech appreciated the efforts of SME Business Support Fund in promotion of entrepreneurship in the country. He stressed that the economic growth today is possible only through encouragement of entrepreneurship and initiatives such as CEL will definitely pay dividends in terms of increased exports, enhanced GDP, job creation and improved overall competitiveness.

While talking on this occasion, Syed Saquib Mohyuddin, CEO SME Business Support Fund said that this center has been developed to compliment the policy objectives of the Government to support entrepreneurship in the country. He said that the center will act as a business incubation and support facility for the new entrepreneurs to develop fresh and innovative products and cater more effectively to the evolving needs of the domestic and international markets.

Syed Asad Hussain, Director SZABIST in his opening remarks welcomed this initiative by BSF and assured that this center will allow the university students to get practical support in their quest for new and successful business startups. Other speakers including the National Institutional Advisor, Planning Commission, Vice President of the Islamabad Chamber of Commerce & Industry and Uzma Quresh from United Nations, highlighted the role of entrepreneurship and its effects on the economic growth of Pakistan.



Ghalib Nishtar, President, khushhalibank inaugurating CEL at SZABIST Islamabad

Regional Sales Conference

The Regional Sales Conference, Eastern Region was held in Lahore on 16th July 2011. The conference was chaired by Ghalib Nishtar, President Khushhalibank and participated by the bank's Retail team at all levels including Manager Retail Banking, National Sales Manager, Regional Business Manager and Area Managers.

An area wise performance was presented by the respective Area Managers followed by Regional Review by Regional Business Manager, Easter Region. These presentations were followed by open discussions by all participants. During the discussion matters relating to branch performance, products and services, client issues, process and procedural issues and resource deployment issues were highlighted. The session concluded with sum up of the proceedings jointly by Manager Retail Banking and National Sales Manager and closing address by the President.



President khushhalibank along with the management at Regional Sales Conference, Eastern Region.

Quarterly Business Update, July - September, 2011

	Microcredit		Savings		Insurance	
	Active Borrowers	Value (PKR Millions)	Active Savers	Value (PKR Millions)	Policy Holders	Sum insured (PKR Millions)
2011-Q1	333,069	4,010.3	238,495	526.7	333,069	4,010.3
2011-Q2	326,052	3,996.8	251,320	911.5	326,052	3,996.8
2011-Q3	354,055	4,349.3	272,339	754.0	354,055	4,349.3

Supporting NUST for 'Discover- Prosperity through Entrepreneurship'

Khushhalibank, keeping in line with its vision of promoting entrepreneurship, partnered with the National University of Sciences and Technology (NUST) as platinum sponsor in a nationwide business plan competition, which has also been endorsed and sponsored by the Honorable Prime Minister of Pakistan, Syed Yousuf Raza Gilani titled the "Prime Minister's Entrepreneurial Challenge - Discover; Prosperity through Entrepreneurship".

Discover was one of a kind event, which served as a platform to showcase the business acumen of students from across 40 universities including NUST. Participating students were given 6 months to prepare and submit a viable business plan, in line with the Pakistani economy, and having the potential to be a successful business model. Apart from testing the innovative capacities of the youth, the competition aimed at instilling a sense of confidence and team work. The winning team was awarded PKR 500,000 while the first and second runner ups received PKR 300,000 and 250,000 respectively and all top five teams were awarded six months of free space and incubation services at Technology Incubation Center, NUST, a pioneer university based incubation center of the country.

Ghalib Nishtar, President, Khushhalibank, speaking at the event congratulated all the winners for putting in so much thought, creativity and effort. He emphasized that hard work never goes unrewarded, and the initiative by these students is a testament to the potential of Pakistan's future business leaders.

Engr. Muhammad Mushtaq, Pro Rector, Research Innovation and Commercialization in his address at the occasion highlighted that the first 'Discover- Prosperity through Entrepreneurship' has been extremely successful, with a variety of business plans portraying the importance of entrepreneurship. He thanked Khushhalibank for its support in encouraging the potential of Pakistani students and hoped fostering this relationship to further their contribution and support for Pakistan's educational landscape.



Khushhalibank and NUST join hands for 'Discover- Prosperity through Entrepreneurship'

A journey from Baluchistan to Harvard

The worth and value of quality education can never be determined monetarily. However, the results of an educated population manifest themselves through the changes that come in the society when the majority of its inhabitants are literate. The purpose of education is to broaden horizons and open minds. The idea is to bring a transformation within a person and through the multiplier effect bring positive changes in the society.

The right to be educated belongs to everyone in a society. In Pakistan this right is exercised by very few because the burgeoning population along with poverty levels hinder the educational pursuit of the youth. It is difficult to pinpoint where the problem lies. On one hand we have the cultural issues whereas women are not allowed to go to school as this would be seen as their liberation which is shunned by the masses of the society. The other problems lie in the socio economic condition of the people where the majority cannot afford to send their children to school. There is also an acute shortage of proper educational institutes as well as relevant educational material.

Parents living at subsistence level normally choose to send their kids to work rather than school so that they can support their families. However, in rare circumstances we hear stories of human triumph where people half buried in depths of poverty overcome all obstacles to achieve their dreams. Such is the story of Karrar Hussain Jaffar, who ventured out from a small town Mariabad near Quetta, Baluchistan to the esteemed Harvard University to achieve his higher goals.

Son of a trader who sold Quaid-e-Azam style caps for a living, Karrar belonged to a town where people rarely educated their children beyond matriculation. However, Karrar's father was very keen on giving his children the best education and was the one who informed Karrar of the Lahore University of Management Sciences' (LUMS) National Outreach Programme (NOP), which aims at sponsoring education and living expenses for competent students who can not afford to pay for it themselves.

Karrar was doing his FSc from the Cadet College when he attended the presentation by a LUMS professor about the national outreach program. Until that time he had no idea about LUMS and did not even take this seriously. After the presentation everyone was made to take a prescreening exam the results of which got him invited to LUMS to attend the sponsored classes for SAT preparation.

The four week sponsored classes at LUMS for SAT preparation and the resulting scholarships received by students are the result of the initiatives taken by many companies that take upon themselves to give back to the society by promoting education.

The education received by Karrar at LUMS was sponsored by the Khushalibank Limited (KBL). KBL collaborated with the USAID in 2005 to work towards education promotion in the remote areas of Pakistan by giving a significant number of scholarships every year to deserving student who cannot afford it otherwise. Karrar was one of the many who got his well deserved break owing to such initiatives that recognized his innate talent and gave him the opportunity to make a difference in his life and of those around him.

Karrar's experience at LUMS was monumental. He fell in love with everything about the university from the spacious classrooms, to the grand buildings and the talented professors. It was here Karrar got a taste of what very few can boast of; the ability to dream and achieve. Highly motivated he worked hard during this training period and managed to get very impressive SAT scores despite his formidable struggle with the English language.

Upon receiving the scholarship from khushhalibank for the BSc program, Karrar joined LUMS in high spirits. However coming from a town where people were totally unaware of the complexity that comes with the pace of life in major metropolitans like Lahore, Karrar was in for quite a cultural shock. When the semester began it took a lot of struggle to become used to people who were very comfortable with the English language and western cultural values. Thus, feeling like a misfit it took Karrar a year to befriend people other than the students of NOP.

His hard work and determination culminated in him graduating from LUMS on the Dean's honor list with a cumulative grade point average of 3.7. After graduation he received many job offers but decided to pursue further education and got a Fulbright scholarship to study in the US. Karrar's sincerity and passion to give back to his country was visible to the Fulbright interview panel that awarded him the scholarship to join the Master's program at the Harvard University and from there onwards to pursue his doctorate from University of Southern California.

Every milestone in Karrar's life can be traced back to his dream which is to increase the educational awareness of people in Baluchistan and particularly amongst the people of his community. His aspirations and achievements have already inspired his parents to send his sister to college in Lahore and his brother to Australia. He reminisces often of the days when he got the LUMS scholarship and how that achievement changed the entire course of his life. While his childhood friends drive buses and rickshaws for a living, he promises to work hard to promote education in his country and change lives of people in a way that his life was changed. His story is an exemplary example of how education can transform mindsets of not only individuals but of entire communities as well. It restores in us hope and serves as an inspiration to live by.

Promoting Women Entrepreneurship

Entrepreneurship has always been a male-dominated segment, but many of today's most memorable and inspirational entrepreneurs are women. Across Pakistan, women are starting various business ventures, developing innovative new products and services, winning patents, and creating new markets. They are the driving force behind the economic growth of our country and creating employment opportunities for the masses by training, educating and converting unskilled workforce into a skilled one. Recognizing the effective role women entrepreneurs can play in improving the economic conditions of Pakistan, Khushhalibank, joined hands with Dawood Global Foundation (DGF) to promote women entrepreneurship by sponsoring the second LADIESFUND Entrepreneurship Conference held on September 16, 2011 in Karachi.

The LADIESFUND' Entrepreneurship Conference 2011 (LEC 2011) witnessed a huge participation of women comprising of established and aspiring entrepreneurs. The conference gave the women entrepreneurs a great opportunity to listen to some of the leading entrepreneurs

in Pakistan such as Mehrbano Sethi, a leading makeup stylist and owner of Luscious Cosmetics, Naheed Mashooqullah, one of the best known interior designers of Pakistan and Naila Naqvi, owner of one of the most popular cake shops in Karachi. All these women started out small but are now leaders in their respective fields. The conference aimed at bringing a revolution in the society by encouraging and enhancing entrepreneurial skills among women. The conference comprised of two sessions during which panel discussions, question answer sessions, presentations and other programmes were held.

Khushhalibank has always been associated with such initiatives which encourage and recognize the potential of women entrepreneurs and has always extended a helping hand to the women of Pakistan through various women empowerment initiatives.



Promoting Women Entrepreneurship at LEC, 2011

A Glance into Khushhalibank's Promise of "Changing Lives"

Mirag Bibi- An Inspiring and Successful Entrepreneur

As a divorcee and a single parent of a young boy, Mirag Bibi residing in Sahiwal lived through limited resources and barely any support from her relatives. It seemed difficult for her to survive the adverse circumstances and come out of them winningly. However, her drive and determination to change her social and financial status led her way out of poverty. With no working capital except big hopes and confidence she kept her jewelry as mortgage and managed to get some money to start her own karyana store in a shack.



She initiated with ten main product lines which were more liquid in consumer sales; resulting in a quick return on her initial investment. Moreover, her polite and gentle way of speaking, regular timings, dealing in high quality items and concentrating on limited product lines resulted in high sales for her. A month into business, she was quite confident and financially sound to add further product lines in her small shack store. Thus, having met some vendors, she added twenty product lines which also included a fifteen day credit system.

Within three months she was able to make good profit but a major portion of her profit was being consumed in paying interest. At that time, she was taking loans on two hundred and fifty percent markup from various sources, including family members, and a local money lender, thus paying a major part of her income as interest. However, this problem was solved when she heard about Khushhalibank's micro loans on a much feasible interest rate which she availed in no time.

Now five years in the business, she has transformed her shack store in to a well furnished one, with more than a hundred quality product lines. She has increased her daily sale from Rs. 400 to Rs. 3,000. Presently, she is running a sound and well managed Karyana store which she dreamt of, a couple of years ago. She is very pleased with life and her son goes to a good school in the city.

In her struggle to succeed, not only has she won a livelihood for herself but has also become a source of inspiration for others. She has employed a man for her help thereby creating employment opportunities for others in her village. She was a woman who faced multiple problems in a male dominated culture. But, her circumstances instead of breaking her down made her a confident and self-reliant person who knows how to contribute to the community, positively. With her hard work she not only succeeded in establishing herself as an entrepreneur but also uplifted the economic conditions of her family. In her community she has become a great source of inspiration for other women and an emblem of hard work and courage. Inspired by her determination to change the course of her destiny, many women in her locality have started acquiring different skills. Some of the women are also using these skills to earn a livelihood for themselves, rather than waiting for others to take them out of their abject poverty.

She continues to weave more plans for her business; very soon, she is going to open a small store in the other corner of her village too, hoping to reach the target market at its doorstep and provide employment to many more. She is in high spirits and says, "A woman is not made for defeat, women can be destroyed but not defeated".

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