Nepal has witnessed gradual increase in the number of banks and financial institutions in recent years. Their contribution to the economy after the country adopted liberal economic policy has also been continuously increasing. As banking and financial institutions are the financial intermediaries, they have huge responsibility towards generating desirable economic growth by particularly promoting the industrial growth. And here comes the role of Value Based Banking.

The concept of Value Based Banking has been gaining momentum in the developed economies but it is yet to gain a meaningful beginning in Nepal. For the economy like Nepal, it is very important that we shift in the way the banking system functions. Banking sector’s focus on productive sector will not only enable long term sustainability of the communities where they invest but will eventually ensure a sustainable economic growth. Sustainable banking help the economy add value and generate employment which is an essential part for the overall development of the country.

I find the principles of sustainable Banking as adopted by Global Alliance for Banking on Values encouraging for the banking system in the country like Nepal. I would request all the Banking Leaders and other stakeholders in the country to focus additionally on serving the productive sector. It would not only help the Bank become self sustaining and resilient to outside disr uptions but also contribute to the economic growth of the country. This will help Banking sector understand their market from the ground level by working in partnership with local communities and get better prepared to counter any outside disruptions well in advance. Contentment is not good for any sector and especially in the Banking sector. Contentment might lead to aggression and increase appetite for higher risks which may question the sustainability of the entire sector even at times when there is a minor disruption. Serving the productive sector not only helps the local community but also help banks to diversify their risks in small portfolio which will make them more resilient in difficult times.

Banking sector in Nepal is one of the most transparent and responsible sectors. However there are enough rooms to amplify the impact of Banking to the Real Economy. Time has come for Banking Industry in Nepal to think beyond profit and start supporting productive sectors and services largely from the domestic raw materials. Investment in productive sector would help generate employment which subsequently would support community/environment and ultimately help country to eradicate poverty in the long run. Investment in productive sector would have multiple impacts – like local skills development, generating income and preventing people from current mass migration for low paid dirt and difficult jobs. Income generation would help people gain access to better health and education which would also improve Nepal's overall Human Development Index.
More importantly it will help enhance economic activities and gradually empower the rural communities economically and bridge the widening gap between the haves and have-nots.

The key for transforming Nepal from current underdeveloped status to developing country status by 2022 and middle income country status by 2030 needs huge infrastructure investment. Thus, Nepal is looking for significant infrastructural investments in Power, Transport and Tourism sectors. We need more of the international standard infrastructures for which we lack resources.

The only resource we have is human resources, who have been forced to migrate and work for lowly paid work abroad. They are sending in remittances to keep the economy afloat but it will only help sustain economy not develop the country. If we can start large international standard infrastructure projects in Nepal, our youth will not only get jobs in the country but in the long run, it will also help push economic growth to double digit. Thus, we understand changing the Banking model to Value Based would gradually yield result in greater value addition and employment generation in the country. The long term impact would be enormous and everyone in the country will be able to reap benefits out of it. Not only in Banking sector, the government urges other industries also to adopt value system at the core of their business. We need to drive all players of the economy including banks to avoid doing harm and deploy their resources to do good to the country they are operating.

Historically, Nepalese are enterprising people. But the current state of our entrepreneurship is not enough to change the country in our lifetime. We need to aggressively test our products and services in the outside world and become competent to survive in the international market. In the past, few of the items like Nepalese Carpets, Pashmina Products and Garment Industry have successfully ventured outside their comfort zone and exported goods to the US and European Countries. However the Industry did not survive for long as it was run with short term profit motive and even a small change in macroeconomic environment including child labor issue, forced it to close.

Nepalese hospitality is one of the best in the world. People in the world talk about the smiley faces they see in Nepal- irrespective of the hardships the people have. Nepalese hospitality industry has gained momentum in recent years however there is more room for improvement. 'Home stays' is gaining popularity however it is limited only in few places. Through Banks - Home Stays can be promoted to all parts of the country as Nepal is rich in hills, mountains and lakes. Bank's involvement in Home Stays can help it understand the community better, Banks can also provide advisory role to such small businesses to improve their value chain. Banks can extend support to the suppliers and buyers of such Home Stays and help promote the entire community as a whole.

There are various other areas where Banks can promote sustainable businesses. Banks can aggressively expand their support to farmers by helping them through finance/other banking products to minimize other intermediaries and help them optimize their gains by providing access near to the end buyers. Agriculture contributes more than 30% to Nepal's GDP thus such endeavors will help uplift farmers' lifestyle and finally help economic growth. Banks are better placed to understand their clients'
businesses. Thus to support the Real Sectors, it is important that financing to these sector is made simple and affordable. The Government through Central Bank is gradually imposing various tools to restrict unproductive sectors and encourage productive sectors, which also helps banks use different approach. The government is fully committed to develop the real sector and therefore would not hesitate building enabling environment for its development. We will not leave any stone unturned for making this beautiful country self-reliant.

GABV conference in Nepal is expected to help the Banking Industry introspect themselves and start with a new set of mind by keeping people/community at first. I congratulate NMB Bank for taking the step to "Bring the World of Value Based Banking to Nepal". It is a novel concept and a need of the hour, as our country faces challenges to become a stronger economy. I am hopeful that this Conference can be a beacon for the manner business is conducted and will bring about much needed shift towards being more responsible towards the communities where investments are made and eventually uplift the economy.

I am certain, that everyone attending the program today will be able to return with the understanding and conviction of the long term implications of Values Based Banking for not only the Banking system but the economy as a whole. I extend NMB Bank and the Global Alliance for Banking on Values my best wishes for the success of the conference.