



Transformative responsibility after loan moratorium

In an ever-evolving financial landscape, the interplay between development aspirations and fiscal prudence has become a conundrum at the forefront of economic discourse. Against the backdrop of surging loan defaults and impending weight of non-performing loans, the Royal Monetary Authority has embarked on a resolute journey. A moratorium on new loans, a bold stroke, emerges as a new remedy

to counter the perilous financial instability wrought by these derelict debts. However, beyond its immediate impacts, these move also signals a transformation in the realm of lending practices- a transaction towards a landscape characterized by judicious lending that encompasses both the ideals of progress and the imperative of financial stability.

While our bank is state-owned enterprise with a strong commitment to rural development, it's important to address a prevalent misconception, the idea that loan is an inherent right who have land ownership without considering the broader context. As much as we aspire to uplift under-served communities, we must also recognize that the sustainable financial institutions cannot solely be relied upon as a savior for those who faces economic challenges. Loans are financial tools intended to facilitate growth and economic empowerment. However, they are most



effective when paired with sound financial planning, responsible borrowing and a realistic assessment of one's ability to repay. Treating loan as entitlement can lead to unintended consequences, such as higher risk of defaults and financial instability, not only for individual but also for the bank itself.

Going forward, access to loans will be reserved for individuals who can demonstrate a reliable source of income, ensuring that borrowers have the means to fulfil their financial obligation. This shifts in lending criteria underscores the notion that it takes money to make money and aligns with the principle of responsible lending to safeguard both borrowers and the stability of the financial system. Our bank's role in rural development is to provide opportunities, resources and guidance that enable individuals and communities to thrive. We are committed to supporting progress through access to capital

and financial education. Yet, it is vital for everyone to understand that financial success requires collaboration and responsible decision-making from both parties, the bank and the borrowers.

In conclusion, the evolving financial landscape demands the delicate balance between development and fiscal prudence, a balance that lies at the heart of conundrum facing the economic discourse. As the RMA takes resolute measures to address surging loan defaults and the weight of non-performing loans, a transformative journey is underway. The introduction of a moratorium on all loans signifies more than immediate remedy; it symbolizes a shift towards judicious lending practices that harmonize the ideals of progress with imperative of financial stability. In a context of a development bank with primary mission to foster growth in underserved rural communities, the challenges posed by rural lending are complex. While rural development aligns with core values, the unique nature of rural loans, often tied to rural land collateral, demands a delicate consideration of a risk factors. Balancing the pursuit of sustainable progress with the financial institution's stability requires an alignment of goals- one where access to loans is granted based on sound financial planning and capacity for responsible borrowing. By championing responsible lending, (as we started at our branch level even if we have to ache over what we have said on rejecting loans), the institution reaffirms to its commitment to nurturing opportunities and guiding communities towards thriving future, grounded in financial prudence and collaboration.

*By Chimi Wangchuk
Gyelposhing GFO*

A Must Visit, Group Guarantee Lending Scheme (GGLS) center of BDB

The erstwhile Bhutan Development Finance Corporation (BDFC) was established on 31st January 1988 to provide financial services for the development of agricultural, industrial and commercial enterprise in the country. About 10 years later BDFC realized that there were still many poor rural farmers that didn't get loans since they didn't have any collaterals to pledge against the loans, high prevalence of barter transactions and farmers were keeping at home whatever little savings they had. Therefore, in 1998 BDFC replicated and introduced Bangladesh's Grameen based lending model; the Group Guarantee and Savings Scheme (GGLS) where collateral free loans were given in cycles. However, due to differences in socio-economic and political set up between Bhutan and Bangladesh, the scheme didn't produce the desired result and was therefore revised in the context of Bhutan in 2002 and subsequent years.

The scheme has brought about changes in financial gains in the lives of group members by inculcating proper saving habits and improving their livelihood by taking up income generating activities with the use of the loans under the group scheme. There are cases where some members have been in the group scheme for over 19 years and own a savings balance of



GGLS Group members of Tokari, Tsamang Geog with Ms. Sonam Dema, Credit Officer

more than one hundred thousand in the Individual Compulsory Savings Account (ICSA), a withdrawal restricted account where every member should deposit instalment amount of Nu. 100 on a monthly basis. The ICSA money is to be used as a last resort in the event the member or co members default in loan repayments. An important component of the group scheme is the monthly group meeting where all the group members from a particular location and BDB field official report at the group centre to discuss and carry out activities related to the group.

Within Mongar, the GGLS center in Wengkhar, consisting of 45 members, Tongseng with 28 members, and Tokari with 25 members, have a successful story on the GGLS scheme. Each group must have a minimum of 3 and a maximum of 7 members, and it should consist of a minimum member count of 20 in a group center. The monthly group meetings held during Farmer's Outreach Banking (FOB) are managed by the center chairman, group and members. The officials from the bank play the role of member secretary and are responsible for collecting loans & saving deposits, loan disbursement and cash withdrawals.

The Group Meeting at our centers are held in the following procedures:

- Beginning with singing our National Anthem
- Small welcome note from the Chairman
- Taking of attendance, inclusive of collection on late and absentee fees
- Initiate loan and saving deposits by member secretary (Bank official)
- Disbursement of newly approved loan (if any)
- Loan recommendations from Center Chairman in consultation with the Group leaders to new/existing group members.
- Members shares their success stories and exchange ideas.

All the members' activity takes place in the predetermined place and time suitable to minimize time and money of our customers. The sharing of their loan investments in their respective business ideas gives other members the wider share of knowledge on returns from investment. Majority of the members invested in agricultural products and their target markets were Mongar Throm, Kilikhar, Gyelposhing and Lingmethang. There are few who has invested in livestock sectors.

The Branch experienced the decline in the loan

National Anthem by GGLS Group members with Member Secretary



portfolio and deposit growth for both regular loan clients and GGLS. Regardless of the impact in the past years, the Branch came back stronger, while revitalizing on its continuous operation and service to the nation.

*By Dendup Namgyel
Mongar Branch*

Into the Good Hands

The novel help and support from the health experts and my office were the strongest devices against combating the disease I was affected by. They have become the pillar of my determination, from which I can extract strength and a sense of living. It is all because of their support; today I am here proudly writing and sharing my part of the story. I never thought that I could read and write again when I first opened my eyes in 2016 after eight days of unconsciousness in the hospital. It is the second life I have received as a token of gift from the two, which I values from the bottom of my heart. Nothing was as easy or simple as I had to undergo with a variety of challenges, difficulties, and issues. However, their support has always injected me with strength and power, which has always made me stand and face those barriers without any issue.



“in the Good hands”

Due to the incidents of misfortune and bad luck, there is no doubt that some employees have been forced to leave their jobs. However, my story is different. I received full cooperation as well as support from the office which I still consider Bhutan Development Bank my luckiest home. Despite my weakness due to the sickness, I am extremely proud and honored to have been posted in the banking department after having been ideal for almost 7 years. Due to the positive support and consideration I got from the company, I was able to overcome my sickness and resume normal work.

While joining in the banking department after a long leave, I got to explore the new banking system which boosted me to learn along with my supportive colleagues. The friendly and welcoming colleagues boosted my new experiences in banking works that has gained me related knowledge, skills and talent over the course of time.



I would like to offer my heartfelt gratitude for the immeasurable support and help rendered by the health expertise and the bank during my struggling days. I would also like to extend my heartfelt gratitude to our colleague Sonam Choki for her full support in my early days of recuperating with the work relations at the office.

To those resolute supporting hands, I assure to abide by medical advises and directions of the health experts, and also bring myself to work with utmost dedication, devotion, and loyalty under my bank.

*By Pema Gyeltshen
Banking Department*

“At times, our own light goes out and is rekindled by a spark from another person. Each of us has cause to think with deep gratitude of those who have lighted the flame within us.”

– Albert Schweitzer

Empowering Rural Communities: Bhutan Development Bank's Impact on Economic Growth and Financial Discipline

Having devoted over a decade to various roles at the administration in the head office, encompassing positions from Admin Assistant to Store Assistant and Procurement Assistant, I was assigned to the Dorokha branch office on August 14, 2023.

Upon stepping into my role as a credit assistant at the BDB Dorokha Branch, I gained a profound understanding of the crucial role that Bhutan Development Bank plays in the lives of our rural population. The bank has made a substantial impact by driving economic growth in rural areas, enabling endeavors such as acquiring Bolero pickups and managing diverse agricultural projects. I am immensely appreciative of our visionary Great Fourth for establishing the Bhutan Development Bank through the Royal Charter in 1988, then known as the Bhutan Development Finance Corporation.

Traditionally, personal borrowing within rural communities has been a common practice. While this has assisted individuals in managing their financial needs promptly, it has burdened the less affluent with excessively high borrowing

interest rates, effectively treating them as mere laborers. These practices were prevalent even in Dorokha. However, with the inception of the Bhutan Development Bank, people have come to recognize the significant difference in borrowing interest rates between the bank and personal lenders. The Dorokha community has become more empowered regarding financial discipline, evident in the increasing number of individuals depositing small amounts into their savings accounts during Farmers Outreach Banking (FOB) visits.

Moreover, numerous young individuals in Dorokha are now venturing into entrepreneurship, particularly in agriculture-related projects, thanks to the financial support they receive from the bank. They are making significant strides, which undoubtedly contribute to our country's goal of achieving self-sufficiency and economic growth in the agricultural sector.

Yet, as a credit official, one of the major challenges I have observed pertains to non-performing loans (NPL), potentially exacerbated by the country's economic downturn post-pandemic. Other contributing factors include our

social obligation to provide financial services to the rural community through rural collateral and the lack of adequate awareness among the general public regarding prudent investment of loans and financial discipline.

Despite these challenges, we remain optimistic that, with the recent implementation of an NPL management system and procedures, we will overcome these obstacles and drive significant progress and economic growth within our rural communities.

*By Amrit Bdr. Limbu
Dorokha Branch*



Harmonizing Efforts: Every Friday's Quest to Beautify Trashigang through Collective Cleaning and Greening



Trashigang Branch, BDB in addition to our regular banking duties, the branch staff participates in weekly flower gardening and campus beautification around the office premises. The initiative, being a part of the bank's commitment to corporate social responsibility (CSR) and promoting a clean and green environment, has been in action since the year 2020.

In the beginning of 2023, the Trashigang Dzongkhag Administration also adopted transformative initiatives and conducted them weekly on Friday and on every second day of

the month. The initiatives consist of developing and maintaining the flower gardens and keeping the surroundings of the community clean.

The Bhutan Development Bank Limited (BDB) Trashigang Branch is an active participant in this noble activity. The activity includes nurturing gardens, waste collection, planting trees, weeding, picking up litter, and any sort of cleaning chores to keep one's own campus clean and beautiful. Our garden, right in front of the Branch Office on the way to Trashigang Dzongkhag Administration and to the Dzongkhag Rabdhey, is composed of seasonal

flowers like yellow jasmine, amaryllis, Bougainville, roses, and periwinkles. In the winter and spring seasons, the garden remains flooded with full blooms of beautiful yellow, red, white, and pink flowers.

Branch staff's enthusiasm and active participation in this meaningful endeavor have made a significant contribution to creating an attractive working space and welcoming environment. We believe that these activities are a valuable way to give back to the community and society, which would create an exquisite, harmonious, and vibrant society. Such participation and endeavors have portrayed positive impacts as follows:

- Teamwork among employees
- Sense of purpose and satisfaction
- Connection with the Community
- Promote BDB's public image and reputation
- Promote clean and green environment
- Setting example for others to emulate
- Reduces individual stress and improves mental health and
- Opportunity for employees to learn new skills



This undertaking has enriched the strength of collaboration and shared responsibility and has indeed garnered active participation from various sectors and business entities alike. It has definitely helped to beautify our office surroundings and promote a healthy and green environment. It is indeed a great way to give back to the community

'Mindfulness is beautification of the moments. Mindfulness is not the path of chasing. It is the path of beautification. When flowers blossom, the fragrance spreads, and the bees come.'

- goodreads.com

and make a difference in our own small ways to improve our own well-being.



*By Sangay Choden
Trashigang Branch*

BDB welcomes 58 new recruits

BDB welcomed its first batch of new recruits on September 4th, followed by another batch on September 13th.

The new recruits were provided with a two-day induction program where the concerned departments and division heads introduced and explained the activities under each respective department with relevant presentations. On the second day of the induction program, the recruits were welcomed with a cake-cutting ceremony in the presence of our CEO and the management, which was followed by a photo session.

Then the training officials are sent to their respective unit/division/branch. Overall, the recruitment process has been completed successfully with the settlement of officials in the field.

*By Yonten
HR Division*

WELCOME

Cocoon That Protects

Bhutan Development Bank Limited (BDB), being one of the development banks in the country, it caters banking services to all Bhutanese citizens, specifically the rural populace.

It has loan schemes that require females to be requisites (group loans) and savings schemes that inculcate saving habits among even non-income earners (Drinchen Ama Savings Account). Like any other commercial bank, the credit facilities are the main source of finance for the bank.

On May 13, 2022, the moratorium on loans was imposed. Coming across worried clients, the bank was questioned by its client and faced with multiple inquiries both online and from walk-ins. There were restrictions, challenges, and a tight space to avail of the banking services. Despite the stifled situation, it enlightened the bank to focus on other important aspects of banking.

Just as the cocoon to a butterfly, the moratorium took freedom, yet it protected the bank.



1st Batch New Recruits with the Management



2nd Batch New Recruits with the Management



Bhutan Development Bank Limited

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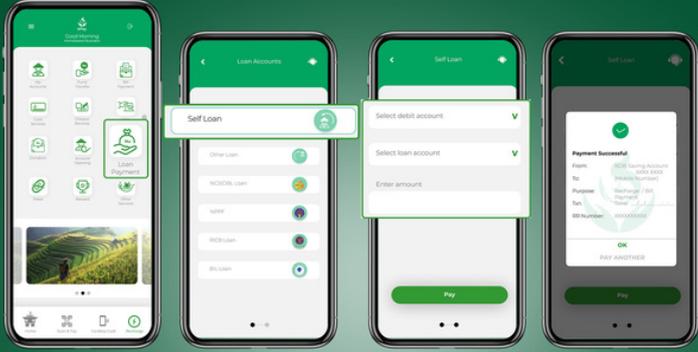
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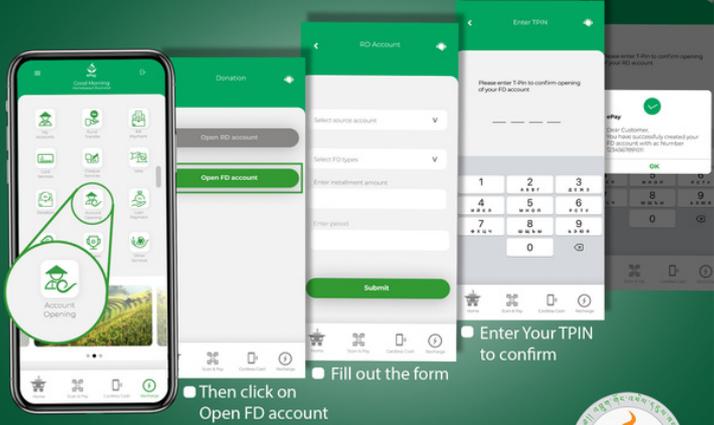
How to **pay your loan** with BDB ePay



- Click on Loan Payment
- Select Self Loan
- Enter all the required details
- Loan Payment Successful

Kadrinchey
for banking with us

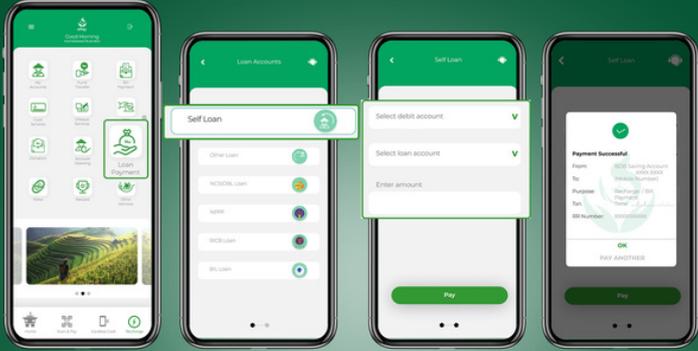
How to **open a Fixed deposit account** with BDB ePay



- Click on Account Opening
- Then click on Open FD account
- Fill out the form
- Enter Your TPIN to confirm




How to **pay your loan** with BDB ePay



- Click on Loan Payment
- Select Self Loan
- Enter all the required details
- Loan Payment Successful

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Click on REGISTER
2. Enter your BDB account number
Choose SMS as your medium of receiving your OTP
Click on NEXT
3. An One Time Password(OTP) will be sent to your registered mobile number
Click on OK
4. Enter the OTP you received via SMS on your registered mobile number
Click on NEXT
5. Now you can create your MPIN
Enter your new MPIN
Reenter your new MPIN to confirm
Click on NEXT
6. You have successfully registered your MPIN
Your TPIN will be sent to your registered mobile number
Click on LOG IN
7. Registration Successful
You can now log in to your BDB ePay using the MPIN you created earlier.



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