

NRB Launches RTGS in Banking Sector

Nepal Rastra Bank (NRB) has formally launched Real Time Gross Settlement (RTGS) system from September 15, 2019.

On the occasion of a ceremony on NRB central office, Baluwatar, Governor Dr. Chiranjibi Nepal and Lord Mayor of London (UK), Peter Estlin jointly inaugurated the RTGS system and also inaugurated the Modular Data Center of NRB.

On this occasion, Governor Dr. Chiranjibi Nepal mentioned that RTGS will play vital role for developing secured, healthy and efficient payment system. He added "The launch of RTGS will not only ensure the clearance and settlement of high-value cheques within a few seconds, but will also curb possible transactions from money launderers and terrorists."

Governor Dr. Nepal mentioned that cheque and other paperbased payment process will be terminated after the introduction of RTGS system and believe that it will enhance reliability on large value payments and revenue payments.

On this ceremony, Lord



Mayor of London City (UK), Peter Estlin mentioned that Nepal's electronic payment system will be more efficient by launching RTGS system.

Mr. Bam Bahadur Mishra, Executive Director of Payment System Department (PSD) mentioned the launching day as 'Golden Day' in the history of payment system of Nepal. He also added "The time and operation cost will be reduced and volatility of money will be enhanced by conducting numerous transactions in short time."

RTGS system was formally inaugurated by conducting a transfer transaction of Rs. 200 million from Nepal Investment Bank Ltd. to Machhapuchhre Bank Ltd. Governor Dr. Chiranjibi Nepal, Lord Mayor of London City (UK) Peter Estlin, British Embassdor for Nepal Richard Morris,

Deputy Governor Chinta Mani Shiwakoti and other officials had observed the server room of RTGS system.

RTGS system was developed through the financial and technical assistance of UK Aid Sakshyam. The system had adopted a simplified process for instant fund transfer from a bank account to another bank account through 'transfer instruction' without using cheque instrument.

As per the Payment System Department (PSD), the RTGS is optional for transactions from Rs. 2 lakhs to Rs. 20 lakhs while it is mandatory for transactions above Rs. 20 lakhs. Currently all the commercial banks are associated with NRB to adopt the RTGS system and it is planned to associate class B and C financial institutions within push end 2076.

Exposure visit by the Representatives of Central Bank of Zambia & Gambia

The representatives from Bank of Zambia and Central Bank of Gambia have made an exposure visit of Nepal Rastra Bank (NRB) on August 28, 2019.

The exposure visit was organized under the coordination of United Nations Capital Development Fund (UNCDF). Total 10 members including seven representatives from Zambia, two from Gambia & One from UNCDF were participated during the visit.

NRB, Office of the Governor had organized an interaction program on online reporting for Bank and Financial Institutions (BFIs), regulatory policy, supervision mechanism, payment system, information technology, microfinance operation and research activities adopted by NRB during the exposure visit.

On this occasion, Mr. Rabin Bhandari, Assistant Director of Bank & Financial Institution Regulation Department presented a working paper on financial inclusion e-mapping &



online reporting system adopted by NRB.

Similarly, Dr. Prakash Kumar Shrestha, Executive Director of Microfinance Promotion and Supervision Department mentioned about policy provision of microfinance institutions operation, regulation and supervision in Nepal.

Mr. Dev Kumar Dhakal, Executive Director and Mr. Kiran Pandit, Director of Bank and Financial Institutions Regulation Department mentioned about regulatory system, existing practice and its challenges. Mr. Anil Pradhan, Deputy Director of Information & Technology Department presented about information & communication technology and current data collection systems of NRB.

Similarly, Mr. Ananda

Poudyal, Director and Mr. Tek Raj Bhandari, Deputy Director of Payment System Department, mentioned about policies and current practices adopted for payment system of Nepal. Dr. Gunakar Bhatta, Executive Director of Research Department mentioned about research study and data analysis and reporting system adopted by NRB. The queries raised by the representatives from Zambia and Gambia during the interaction were addressed by the officials from related departments.

They also met with Deputy Governor Mr. Chinta Mani Siwakoti and discussed about banking & financial system, financial access, financial inclusion and other financial sector issues of Nepal.

Governor Dr. Nepal meets with Lord Mayor of London City

Governor Dr. Chiranjibi Nepal meets with Mr. Peter Estlin, Lord Mayor of London City (UK) on September 15, 2019 at Office of the Governor, NRB. The meeting was held when Mr.

Estlin had visited Kathmandu for inauguration of Real Time Gross Settlement (RTGS) System, which was developed with the financial and technical assistance of UK Aid Sakshyam.

During the meeting, they discussed on financial system, financial access and financial inclusion of Nepal and RTGS implementation. Governor Dr. Nepal mentioned that financial



transactions would be faster, safe and reliable after RTGS implementation. Similarly, Governor Dr. Nepal also mentioned that NRB is committed for effective implementation of RTGS system. He also believe that RTGS will contribute for enhancement of financial access by promoting formal transactions and discouraging informal transactions.

At the same time, Lord Mayor Estlin mentioned that economic and financial system of Nepal are required to be made more advanced by making financial technology more reliable. He also expressed that, new technology will support in



increasing financial access and inclusion through proper implementation of financial technology. He also suggested that NRB should become aware during implementation of new technology for possible risks and challenges.

Governor Dr. Nepal expressed his sincere thanks

to UK based agencies for the assistance on modernization of financial system of Nepal via Lord Mayor Estlin. Honorable British Ambassador Richard Morris, Deputy Governor Chinta Mani Siwakoti and other NRB officials also attended the meeting.

Governor Dr. Nepal meets with Vice President and Treasurer of World Bank

Governor Dr. Chiranjibi Nepal meets with Mr. Jingdong Hua, Vice President & Treasurer on September 10, 2019 at Office of the Governor, NRB.

Governor Dr. Nepal welcomes Mr. Hua and congratulate on his appointment as Vice President in World Bank. Governor Dr. Nepal mentioned about current economic situation, ongoing infrastructural development works and capital expenditure status of Nepal. He also expressed his view that due to slow pace of development activities going on in the country the target to reach middle-income

country by 2030.

On this occasion, Governor Dr. Nepal agreed on the importance of bond market and its role in managing liquidity crisis. He further expressed his concern over underdeveloped bond market in Nepal and lack of awareness of people about the market. He also expressed his view that due to insufficient mobilization of domestic saving, development projects are not moving ahead as desired.

Mr. Hua mentioned the role of infrastructural development, capital, regulatory frameworks and public private partnership (PPP) for development of

nation. He gave examples of various countries where they have practice of transferring risk by tying up with World Bank in issuing infrastructure Bonds. He said that a country's development has to rely on its domestic savings expressed his willingness to accelerate domestic bond market in Nepal.

Mr. Anuj Dahal, Director of Bank Supervision Department, Mr. Govinda Prasad Nagila, Director of Office of the Governor, Sabin Raj Shrestha, Senior Financial Sector Specialist from the World Bank had also attended the meeting.

MoU Signed for BOK-KPP

Nepal Rastra Bank (NRB) and Bank of Korea (BOK) have signed the Memorandum of Understanding (MoU) of 'Bank of Korea - Knowledge Partnership Program (BOK-KPP), 2019' on August 27, 2019.

Director of Governor's Office, NRB Mr. Govinda Prasad Nagila & Deputy Director General, Jee Young JUNG of BOK signed the MoU. BOK is the central bank of South Korea. On this occasion, Executive Director of Governor's Office Dr. Nephil Matangi Maskay and Deputy Director General, Jee Young JUNG of BOK expressed their opening and welcome remarks. Professor of Korea University Dr. Choong Lyol LEE highlighted about the BOK-KPP program and its working plan in brief.

Director of Currency Management Department Dayaram Sharma Pangeni presented a working paper titled 'Financial Inclusion and Literacy in Nepal'. Similarly, Professor of Yonsei University Dr. Joon Mo YANG also presented a working paper on 'Development of Financial Inclusion and Literacy Programs'.

On this occasion, Professor of Korea



University Dr. Myung Kee KIM presented on 'Fin-tech and Financial Inclusion and Literacy'. Similarly, Professor Dr. Choong Lyol LEE and Keewhan KIM jointly presented a paper titled 'Construction of Financial Inclusion Index'.

Joint research team of Bank of Korea and Korea University will conduct a study about financial inclusion /financial literacy and its policy program of Nepal. After completion of research, the team will release study report including policy recommendation to NRB.

NRB has formed five members research team including Dayaram sharma Pangeni, Director of Currency Management Department, Deputy Directors Rajan Prasad Adhikari and Sushil Gyawali, Assistant Directors Manoj Kumar KC and Jugal Kishor Kushwaha.

Bank of Korea will provide an exposure visit to NRB team in South Korea under this program. Study conducted by BOK-KPP expected to exchange the best policies and practices adopted by South Korea.

Before signing MoU, joint research team had conducted field study about status of financial inclusion in Nepal. They visited Suryodaya Laghubitta Bittiya Sanstha Ltd in Syanja, Laxmi Bank Ltd, Nirdhan Laghubitta Bittiya Sanstha Ltd, Chandragiri Saving and Credit Cooperative Ltd and Nepal Microfinance Association.

This is the third Knowledge Partnership Program supported by BOK. Previous two studies were conducted on macroeconomic forecasting and payment-settlement system in 2017 and 2018 respectively.

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