

Muktinath Bikas Bank Ltd., Winner of the European Microfinance Award 2020

Muktinath Bikas Bank Ltd. has received this year's European Microfinance Award for encouraging savings in Nepal. This prestigious annual award rewards inclusive finance initiatives.

Banks' traditional activities include the collection of savings, the distribution of loans and the provision of means of payment. Credit products (also known as micro-credit solutions) were the first products to be developed in inclusive finance. Being more lucrative for the service provider, loans have long been the only type of product offered by banks. Yet, savings products also carry many advantages. For vulnerable, excluded and low-income populations, savings help secure a source of income and help them cope with setbacks and other unforeseen events. For these target populations, savings facilitate some level of empowerment by offering a safer (and more reassuring) way to manage their finances over the long term. The risks are minimal for the service provider, as savings offer a guarantee. Aware of these benefits, some financial and non-financial service providers have set up savings programmes alongside their traditional activities.

The 2020 European Microfinance Award has been awarded to Muktinath Bikas Bank Ltd., a Nepal-based bank, in recognition of its savings expertise.

Muktinath serves low-income households and women in rural areas and has set up a special department dedicated entirely to that target population. It has tailored a collective and solidarity savings model specifically for these customers, with doorstep collections. The products it distributes include retirement savings plans, insurance plans and savings schemes specifically for migrant workers and the families they have left behind in Nepal. Muktinath has also developed financial education and household budget training through dramas and a purpose-made film entitled "Paribartan" (which means "transformation" in English).

Savings are an essential part of the effort to use inclusive finance as a tool for poverty reduction. This has become all the more crucial in the context of the current crisis. In her speech, Her Royal Highness the Grand Duchess of Luxembourg, President of the European Microfinance Award's High Jury, underlined: *"microfinance institutions do extraordinary work. They have designed amazing and vital savings solutions to avert the risk of millions of vulnerable people falling into extreme poverty, as they face the unprecedented upheaval we are currently seeing. The savings theme is particularly pertinent this year as it promotes self-reliance, offers safe solutions, encourages development and provides the means, particularly for women, to become the architects of change. With this in mind, I would like to congratulate the three finalists for their inspiring initiatives!"*

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As the recipient of the European Microfinance Award, Muktinath Bikas Bank Ltd. will receive €100,000 from the Ministry of Foreign and European Affairs of the Grand Duchy of Luxembourg - Directorate for Development Cooperation and Humanitarian Affairs. Speaking about the Award, Mr Franz Fayot, Minister for Development Cooperation and Humanitarian Affairs, said *“Over the course of this year, savings have been key in creating resilience among millions of people. Families and businesses have come under financial strain due to the disruption of economic activities. In these challenging times, inclusive savings help mitigate the impact of the pandemic. I am confident that this year’s European Microfinance Award will draw attention to the value of savings as an essential financial service, and create a dynamic that will encourage its use, notably for the empowerment of women.”*

The European Microfinance Award

Launched and organised in Luxembourg since 2005, the European Microfinance Award rewards innovative inclusive finance initiatives, and has two goals: to reward excellence and to catalogue and disseminate the most suitable practices so that they can be applied by others. The Award is a joint initiative organised by the Ministry of Foreign and European Affairs of the Grand Duchy of Luxembourg - Directorate for Development Cooperation and Humanitarian Affairs, the European Microfinance Platform (e-MFP) and the Inclusive Finance Network Luxembourg (InFiNe.lu).

<https://www.european-microfinance-award.com/>

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