

## Research

### Completed Research

#### Developing Capacity of MFIs for Fighting Covid-19 Impact in Bangladesh

Based on an InM online survey, the analysis shows vulnerable financial and operational conditions especially for the small and medium sized MFIs due to Covid-19. When compared relative to the previous three months, the number of new loans declined by more than 29 per cent during April-June 2020 while the number of regular savers declined by 36 per cent. Moreover, around 94 per cent of the reporting MFIs experienced negative net earnings during the pandemic. The average repayment rate sharply declined to 63 per cent compared with nearly 100 per cent before the crisis. The MFIs also report a huge cash flow crisis due to the pandemic. They have used their reserve funds and reduced operational costs through austerity measures. But these are grossly inadequate relative to the scale of the problems. External support e.g. from the government and other agencies through targeted 'stimulus package' and other support measures are necessary for the MFIs.

#### Covid-19 and MFIs in Bangladesh: Innovations in Resilience Building

An online survey by InM during May-July 2020 on 59 MFIs shows that, irrespective of their size, MFIs face difficulties in interactions with the borrowers at the field, bottlenecks in delivering nonfinancial services, and constraints in collecting repayments and disbursing new loan products. Around 93 per cent of the MFIs face rising portfolio at risk (PAR). To recover from the crisis, most MFIs have adopted several actions. Around 51 per cent of the large MFIs have revised their loan distribution policy as per the need of their clients. Most medium and small MFIs do not have the capacity to adopt loan rescheduling measures on their own. Their recovery strategies need to cover actions that are necessary to overcome the Covid-19 generated crisis and help the MFIs and clients to return to their normal activities.

### Ongoing Research

#### Financial Behaviour of the Urban Middle Class in Bangladesh: Managing Contingencies during Covid-19

Due to Covid-19 crisis, a vast majority of the middle class households have made enormous changes in their financial behaviour and transactions. To capture the impact on financial behaviour of the urban middle class in Bangladesh, InM has conducted an online survey through the Google format. The research brings out the changes in financial behaviour and in the choice of financial instruments by the urban middle class. The study also explores as to how the patterns of income, expenditure and savings have changed due to the pandemic; whether the pandemic has an impact on digital financial inclusion; and whether there are any

changes in the preference pattern of financial products due to Covid-19. These will help to suggest appropriate policy responses during the post Covid-19 period.

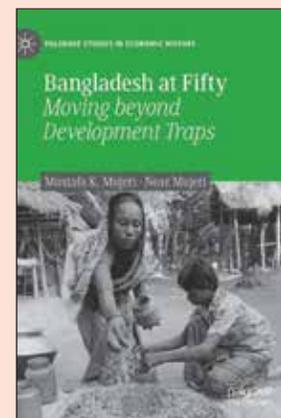
### New Books

#### Bangladesh at Fifty: Moving beyond Development Traps

Mustafa K. Mujeri and Neaz Mujeri

Palgrave Macmillan, London, November 2020, pp. 569 + xxi

The book, published under the Palgrave Studies in Economic History, examines the unfolding of Bangladesh's development drama over the past fifty years, which is full of development surprises and extraordinary resilience of the people. Rising from the ashes, the country has now emerged as one of Asia's most remarkable phoenixes and amazing and unexpected success stories of recent years. The book argues that Bangladesh's economic transformation over the last fifty years has largely been driven by social changes, initiated by women empowerment. Bangladesh's agricultural modernisation model characterises the sequencing of chemicalisation and mechanisation. The pattern of industrialisation has been closely linked with urbanisation and the developments are more akin to the 'production cities' paradigm in contrast with the 'consumption cities' approach. The authors caution that it is true that Bangladesh has shown remarkable catching-up records in recent years through raising economic growth and fostering overall development, but many development traps still remain in its future journey.



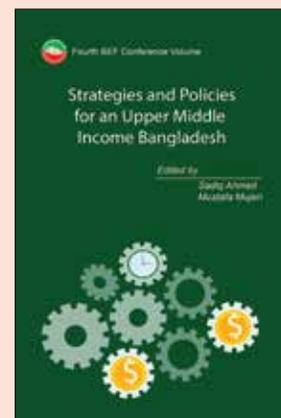
#### Strategies and Policies for an Upper Middle Income Bangladesh

Fourth BEF Conference Volume

Edited by Sadiq Ahmed and Mustafa K. Mujeri

Bangladesh Economists' Forum, Dhaka, March 2020, pp. 334+ xviii

The book focuses on a few core development challenges under two themes-- macroeconomic strategies and policies, and institutions and sectoral strategies--for successfully transforming Bangladesh to an upper middle-income country by 2031. Bangladesh faces many policy and institutional reform challenges in its journey. The book highlights that, along with acceleration in investment for



sustained long-run economic growth, commensurate progress is needed in building human capital, investment in R&D, technology and innovation, and development of institutions to support higher growth. Bangladesh must push forward rapidly with the policy and institutional reform challenges for securing its transition.

#### International Journal Publications

- Akhter, N and Khalily, M. B. (2020), 'An Analysis of Mobile Financial Services and Financial Inclusion in Bangladesh', Indian Journal of Human Development, 14(2), 213-233.
- Nargis, F (2020). 'Microfinance in South Asia: Issues and Challenges during Covid-19 Crisis', Journal of Banking, Finance & Insurance, 1, pp. 88-98.

#### Working Paper 62

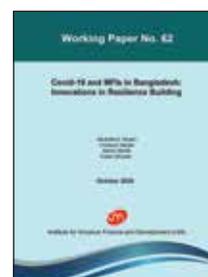
### Covid-19 and MFIs in Bangladesh: Innovations in Resilience Building

**Mustafa K. Mujeri<sup>1</sup>, Farhana Nargis<sup>2</sup>, Nahid Akhter<sup>3</sup>, Farah Muneer<sup>4</sup>**

<sup>1</sup>Executive Director, InM; <sup>2</sup>Research Fellow, InM; <sup>3</sup>Senior Research Associate, InM; <sup>4</sup>Senior Research Associate, InM

**Published in October 2020**

A large segment of the poor households and microentrepreneurs rely on financial and other services offered by the MFIs in Bangladesh. During times of natural disasters or other crises, MFIs also provide the borrowers flexibility in loan repayment and access to emergency loans to deal with the predicaments. But the Covid-19 pandemic has been unprecedented, seriously affecting the activities of both the MFIs and their members. The study explores the nature and depth of financial and operational constraints of the MFIs using an online survey in September 2020. The operational difficulties of the MFIs highlight problems in interacting with the borrowers, bottlenecks in nonfinancial service delivery, and constraints in collecting repayments and disbursing new loans. Around 93 per cent of the MFIs experienced a sharp increase in their portfolio at risk (PAR) and 73 per cent had inadequate equity capital to cope with the crisis. Although about a quarter of the MFIs adopted mobile services to disburse loan and emergency grants, medium and small MFIs are more constrained in adopting the technology. The MFIs need alternative investment policies and institutional behavioural changes to reduce the likelihood of future shocks and increase resilience.



#### Working Paper 63

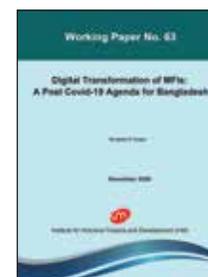
### Digital Transformation of MFIs: A Post Covid-19 Agenda for Bangladesh

**Mustafa K Mujeri**

Executive Director, InM.

**Published in November 2020**

The study advocates the adoption of digital transformation as a strategy for the MFIs especially during the post-Covid-19 period in Bangladesh. Three aspects of financial operations are important for the MFIs: (i) innovative and sustainable measures for provision of financial services; (ii) financial products/services to meet the specific needs of poor households/microbusinesses; and (iii) efficient and cost effective MFI operations using digital and modern technologies. The innovation drivers for digital transformation are both push and pull factors. The MFIs must create an inclusive digital landscape, and adopt customer-centric approach to bridge the access-usage gap in digital technologies. With rapid financial development in Bangladesh, digitisation of financial services and its convergence with microfinance is inevitable. The post Covid-19 era gives the MFIs an opportunity to embrace digital transformation and enhance their capacity and knowledge to keep pace with rapid developments in technology and digital financial services.



#### Newspaper Articles

- নতুন জীবিকার চাহিদা: আগামীর ভাবনা। মুস্তাফা কে মুজেরী। নভেম্বর ১০, ২০২০। বণিক বার্তা
- মহামারীর ঝুঁকি ও ক্ষুদ্র অর্থায়ন প্রতিষ্ঠানের সক্ষমতা। ড. ফারহানা নার্গিস। সেপ্টেম্বর ২৯, ২০২০। বণিক বার্তা
- Digitalising MFIs in Bangladesh: A Post-Covid Necessity, Mustafa K Mujeri, The Financial Express, 10 November 2020.

## Training

### Online Training on Post Covid-19 Challenges for LIUPCP/UNDP Professionals

An online training programme on 'Handling the Post COVID Challenges in Microenterprise Management' was organised by InM during 27-29 October and 1 November 2020 for 23 socioeconomic and nutrition experts/officers from the city corporations/pourashavas under the LIUPCP/UNDP programme. The opening ceremony of the programme, held on 27 October 2020, was moderated by Mr. Ashekur Rahman, Assistant Resident Representative Governance, UNDP Bangladesh

while Mr. Yugesh Pradhanang, Technical Advisor and Project Manager (Acting), LIUPCP gave a brief on LIUPCP activities. Dr. Md. Mosleh Uddin Sadeque, Director, InM Training Division highlighted the importance of the training and partnership areas between InM and LIUPCP. From FCDO (former DFID), Mr. John Warburton, Team Leader, Extreme Poverty, Resilience and Climate Change and Senior Environment Adviser, British High Commission, Dhaka highly appreciated the initiatives of LIUPCP/UNDP and InM. Dr. Jahangir Alam Khan, Member of the InM Governing Body emphasised on the need for organising need-based customised trainings. The Resident Representative of UNDP, Mr. Sudipto Mukerjee, speaking on the occasion, highlighted the challenge that the poor women under the programme usually faced to decide on what to do with the grant money for sustainable economic recovery during Covid-19. He believed that this exclusively designed training programme would make the LIUPCP investments more effective through generating employable skills, gainful employment and enhanced incomes for the targeted poor families.



Snapshot of Opening Ceremony: InM – LIUPCP/UNDP Training

Mr. Abdul Mannan, Project Director and Joint Secretary, Local Government Division, MoLGRD&C and Chair of the opening ceremony reiterated that the LIUPCP had been addressing five major areas, including climate resilient housing for low-income urban poor, strengthened community organisations, skills and employment generation for women and girls, improved resilient infrastructure, and strengthened pro-poor urban management policy and planning.

### Online Training for Branch Managers of PADAKHEP

To address the Covid-19 and July 2020 flood related challenges, InM in collaboration with PADAKHEP, designed and implemented a new training programme on ‘Advanced Risk Management and Monitoring in Microfinance Operations to Address Covid-19 Challenges at the Field Level’ during 7 and 14 November 2020. The programme was attended by 26 branch managers of PADAKHEP. It focused on risk management and monitoring of microfinance operations during the Covid-19 pandemic.



### Upcoming Training Programmes

An online training on ‘Handling Post COVID-19 Challenges in Microenterprise Management’ is planned for LIUPCP/UNDP during 29-30 November 2020 for town managers working in 23 pourashavas/city corporations across the country. This specially designed programme highlights the channels to revitalise the microenterprises affected by the Covid-19 pandemic. A similar programme is also planned for the field personnel of LIUPCP/UNDP working in selected urban settlements/pourashavas/city corporations of the country. An international training for the microfinance practitioners of Nepal to address microfinance’s operational challenges during Covid-19 is also planned in near future.

## Education

### 10th Batch Diploma Results Published

The result of the 10th batch of the InM Diploma in Microfinance Programme was published in September 2020. A total of 24 participants successfully completed the programme. With this batch, the total number of successful diploma graduates has risen to 244, who are expected to form the core of the skilled workforce in the microfinance sector. The successful graduates will be awarded their certificates by InM without any formal graduation ceremony this year due to the Covid-19 pandemic.

## KnM

### Webinar on Covid-19 and the Rural Poor and MFIs in Bangladesh

InM, Jointly with Concern Worldwide Bangladesh, organised a webinar on ‘Covid-19 Impact on the Rural Poor and MFIs: Innovations in Resilience Building’ on 5 November 2020. Two research papers on the nature and level of impact of Covid-19 on the rural poor households and the microfinance sector of Bangladesh were presented. The paper on ‘Covid-19 and MFIs in Bangladesh: Innovations in Resilience Building’ was presented by Dr. Farhana Nargis, Research Fellow of InM while the paper on ‘Empowering Women and Youth through Graduation and Financial Inclusion’ was presented by Sayeed Mahmud Riadh, Head of Programme, Coastal & Char Context, Concern Worldwide Bangladesh.

The webinar was chaired by Dr. Qazi Kholiqzaman Ahmad, Chairman of InM while the panelists included Professor Dr. Atiur Rahman, Bangabandhu Chair, Dhaka University and former Governor, Bangladesh Bank and Dr. Gretta Fitzgerald, Director Programme, Concern Worldwide Bangladesh. More than 100 participants from the MFIs and other organisations attended the webinar.

Dr. Atiur Rahman identified twofold crisis for the MFIs due to Covid-19 emerging from savings and investment sides, especially for small and medium MFIs. He stressed on flexible rules and regulations along with stimulus packages and digitisation for efficiency building especially in the areas of marketing and value chain development. Dr. Gretta Fitzgerald expressed her concerns regarding the well-being of women and girls especially of the marginalised groups during Covid-19.

Dr. Qazi Kholiqzaman Ahmad, the Chair of the webinar shared his practical experience on microfinance and its graduation towards appropriate finance and expressed his firm belief that the enduring resilience of the poor people and the rural economy to withstand shocks and support from the government and the MFIs would help the poor to overcome the impact of Covid-19 and any similar shocks.



## Publications Highlights



FIN-BIZ  
Volume 3 | Issue 2 | December 2020



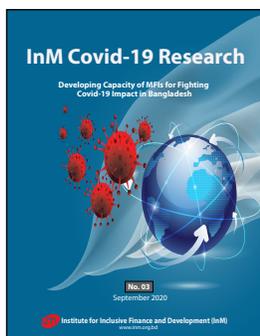
Annual Report 2019-20



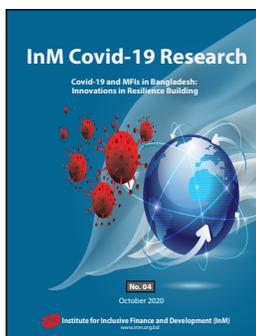
Insights: InM Newsletter  
Vol. 05, Issue 02, August 2020



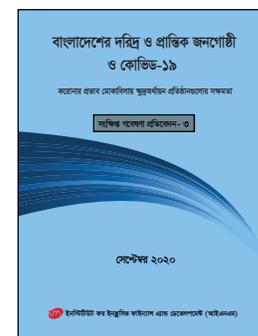
Finimile: FIN-B Newsletter  
Vol. 02, Issue 03, October 2020



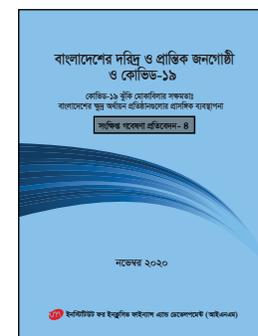
InM Covid-19 Research No. 3  
September 2020



InM Covid-19 Research No. 4  
October 2020



InM Covid-19 Research Bangla No. 3  
September 2020



InM Covid-19 Research Bangla No. 4  
October 2020



**Institute for Inclusive Finance and Development (InM)**

PKSF Bhaban, E-4/B, Agargaon  
Sher-e-Bangla Nagar, Dhaka - 1207, Bangladesh  
InM Training Centre  
House# 30, Road#3, Block# C,  
Monsurabad Adabor, Dhaka-1207, Bangladesh  
PABX: +88-02-8181066, 8181064, Fax: +88-02-8181068  
E-mail: [finb@inm.org.bd](mailto:finb@inm.org.bd), Web: [www.inm.org.bd/FIN-B](http://www.inm.org.bd/FIN-B)