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Afghanistan Banks Association

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ABA E-Newsletter

ABA Participated in Finance Law Workshop, India

Afghanistan Banks Association (ABA) aims to play key role in creating a healthy and sustainable environment for the banks operating in Afghanistan. It provides a good forum for dialogue and coordination between banks and other stakeholders. Recovery of loans has become extremely challenging for the banking sector and enforcement of mechanisms that facilitate recovery of non-performing loan is highly needed in the country.

The United States Department of Commerce Law Development Program (CLDP) with close coordination of ABA conducted Finance Law Workshop in New Delhi, India during November 9-11, 2015. Da Afghanistan Bank, Financial Dispute Resolution Commission, senior government officials from the Ministry of Finance, Ministry of Justice, Supreme Court, Ministry of Economy, and Ministry of Commerce and Industry participated to discuss key challenges facing Afghanistan's financial sector. The ABA's Chairman welcomed participants of the workshop and gave presentation on challenges of banking sector and problems/recommendations in recovery of loans. Beside, CLDP experts also delivered presentation on international best practices of banking governance, risk management, and secured lending laws, with particular focus on debt recovery. A Presiding Officer (Judge) of India's Debt Recovery Tribunal (DRT) spoke in details about the organizational structure and history leading up to the creation of the DRT.

Outcomes of the workshop:

The program resulted in the delegation forming a working group to further address issues in the financial sector, including the possibility of a special commission for debt recovery in Afghanistan, as well as other technical initiatives to promote economic growth through lending. Through this workshop, the participants contributed to bolstering the legal capacity of the Afghanistan Government in understanding finance law and enforcement mechanisms that facilitate debt recovery. Additionally, the

participants discussed the pros and cons of India's DRT with respect to a debt recovery adjudication process and Afghanistan's compatibility with such mechanisms within the context of its constitutional legal framework.



Event: Finance Law workshop
Venue: Shangri-La's Eros Hotel, New Delhi India
Date: Nov 9 -11 , 2015
Photo by: Afghanistan Banks Association

Commercial Banks Consultative Groups (CBCG) Meeting:

On November 07, 2015, ABA with the coordination of Da Afghanistan Bank (DAB) organized Commercial Banks Consultative Group quarterly meeting that was held at Da Afghanistan Bank (DAB) Governor Conference Hall to review the issues and problems of banking sector proposed from ABA and find out appropriate solutions. The meeting was commenced by welcoming remarks of H.E. DAB's Governor. The following agenda points were discussed during the meeting:

1. Formation of Special Courts on Loan Recovery
2. Western Union - Removing of Exclusivity Clause from Contract
3. Lack of Laws/Regulation on Issuance of Bank Guarantee and Determination of Risk on Off-Balance Sheet Items
4. Regulation of Asset Classification.
5. Correspondent Banking Relation with US Banks
6. Other related issues of the sector.

In the meeting , DAB Governor, H.E, Mr. Khalil Sediq, H.E, Mr. Khan Afzal Hadawal, 1st Dy Governor, Mr. Saleem, Salah, Deputy DG Supervision DAB, from ABA, Mr. Ahmad Siar Khoreishi, Chairman ABA/CEO Ghazanfar Bank, Mr. Mukesh Verma, 1st Vice Chairman ABA/CEO Maiwand Bank, Mr. Inayatullah Fazli, 2nd Vice Chairman ABA/ CEO Azizi Bank, Mr. Deepak Shrivastava, Board Member ABA/ CEO Bakhtar Bank, Mr. Najibullah Amiri, Executive Director ABA and other CEOs/delegates from member banks & ABA participated.



Event: Commercial Banks Consultative Groups meeting (CBCG):
Venue: DAB Conference Hall
Date: Nov 07, 2015
Photo by: ABA

ABA Meeting on Asset Classification/ Provisioning Regulation

Asset classification of banks refers to a credit facility in respect of which, the interest and/or installment of principal has remained 'past due' for a specified period of time. In simple terms, an asset is tagged as non-performing when it ceases to generate income for the lender. Banks' lending is being categorized with respect to repayment as Standard, Substandard, Doubtful and Loss which differs from country to country. Therefore, to comply with the international banking practice, ABA on behalf of its member banks formed a committee to raise the issue with DAB. Consequently on October 03, 2015 ABA arranged a working group to discuss on the review the regulation of asset classification. In the meeting, the working group reviewed the subject matter comprehensively and came out with final draft of reasonable suggestions that was officially submitted to DAB for consideration.



Event: ABA-Member Bank Meeting on Review / Suggestions on Asset Classification
Venue: ABA Conference Hall
Date: October 03, 2015
Photo by: Mr. Sayed Jamal, ABA IT Officer

ABA Participation in DAB Press Conference on Legal Frame Work Project

On October 14, 2015, Mr. Najibullah Amiri, ABA Deputy Executive Director and Mr. Naveed Hadawal, ABA Member Service Coordinator participated in DAB's press conference. The Central Bank of Afghanistan (DAB) with the financial assistance from HAKARAT, completed the development of Sharia-compliant SME access to finance, regulatory framework for the first time in Afghanistan, where more than 60 key staff from the commercial banks and the Central Bank of Afghanistan were trained for 13 days to enable them to use and offer the Islamic banking products and services.

The goal of this project is to put in place the regulatory foundation for Islamic banking in the country to meaningfully increase access to finance to small and medium size businesses (SMEs).

A survey conducted by HAKARAT showed a high demand among Afghan private sector firms for Islamic banking and finance in the country. This survey found that 94% of the respondents are willing to use Islamic banking and 58% said that they had low awareness of it.

Access to finance is critical for investment and funding current operations by businesses. When businesses have easier and more affordable access to finance, investment is higher and more employments opportunities are created.

In the press conference, H.E Mr. Khan Afzal Hadawal, First Deputy Governor, mentioned that, the legal framework project is completed today and the new banking law is also in place which covers both Islamic and conventional banking, all the licensed banks are advised to adhere to the new banking law.



Event: ABA Participation in DAB Press Conference on Legal Frame Work Project

Venue: DAB, Conference Hall

Date: October 14, 2015

Photo by: DAB

ABA Participation in the World Standard Day

World Standards Day is celebrated annually around the world to increase awareness of the role that standards play in the global economy. This event aims to honor thousands of scientific and industrial experts who contribute to make our society better through the means of international standards.

On October 18, 2015, World Standards Day under the Moto of "Standard - the World's Common Language" was celebrated in Kabul by Afghanistan National Standard Authority (ANSA). H.E Mr. Ahmad Zia Masoud, president's special representative for Reform and Good Governance and other government high officials took part and delivered their speeches on the importance of standardization of goods etc. throughout the country. From ABA, Mr. Najibullah Amiri, ABA Executive Director and Mr. Naveed Hadawal, ABA Member Service Coordinator also participated. H.E. Ahmad Zia in his speech stated that adoption of national standard codes are very critical for the country. In this regard Afghanistan needs innovative strategies for standardization to prevent importing low quality goods. He added "standardization will help changing life style of Afghans and expedite business universally and facilitate better collaboration around the world, which finally improves trade operations and protect public health, safety and general welfare"



Event: ABA Management participation in the World Standard Day

Venue: Cabinet Palace

Date: October 18, 2015

Photo by: ABA
