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## Social banker gets partners on deck to save a 'sinking boat'

By ALPHONSE BARIASI

AT the turn of the millennium, Indian IT specialists were flocking to America in search of careers and startups. Many had gone there and more would have followed had it not been for 9/11 which meant their American dream had been shattered before it began – at the fall of twin towers of the World Trade Centre. Among that group was a young Gunanidhi Das, the current chief executive officer of the PNG Women's Micro Bank, branded as Mama Bank. Das had just completed training and started a career in computer science and information technology in the eastern Indian state of Odisha.

He started working with a private IT firm in his own province and switched to public service as an IT professional but he soon found out to his dismay that there was too much nepotism in the public service and not much to learn. He left and joined an organization called BASIX which specialized in microfinance and social enterprises.

He was drawn to microfinance and inspired by the vision of Vijay Mahajan, the man known fondly as the father of microfinance in India.

"I am a social banker," Das says during the interview in his bank's boardroom at the first floor of the BSP Waigani Drive branch.

"Vijay Mahajan's visionary approach led me to microfinance. BASIX gave a background in serving rural people and I was enjoying the job."

Das was part of a consulting team and had served in his home state of Odisha as well as in the cities of Calcutta and Hyderabad.

His first overseas assignment was to Timor Leste.

"My international journey started there. It was very challenging because I was sent there alone to serve but in the end it was a rewarding experience."

ADB assignment

Das has also had short stints in Nepal and Myanmar to help MFIs before coming to Papua New Guinea where BASIX was contracted by the Asian Development Bank for the second phase of the Microfinance Expansion Project (MEP). MEP involved nine PNG institutions – five micro banks and four savings and loan societies.

"I was a business mentor and my first posting in PNG was to the Kada Poroman Microfinance Ltd in Kokopo," Das says.

"Kada Poroman was experiencing a huge delinquency issue and I was tasked to improve the business which I did. Further he helped other three Savings and Loan Societies in NGI region. While in Manus I was told that the Chief

Executive Officer of the Women's Micro Bank (WMB) was leaving so I should consider applying for the position.

"I put in my CV ...and the rest is history."

When he joined WMB in November 2016, Das was interviewed by the late Janet Sape who had founded the Women in Business movement which later birthed the micro bank.

Sape told him, "I'm looking for a person who will save a sinking boat."

At that stage the amount of money left in the bank was just enough to last for six months. Das had to do something and save the business during a period of negativity.

"The first day at work, I saw only six customers coming in to be served. I started thinking, why is this so? One reason I found was that there was many aspiration from this bank when it obtained its license but not achieved in that short period of time. Another reason was that the office environment (at the Aopi Centre in Waigani) was not conducive for grassroots mamas," Das says.

So in 2018, Women's Micro Bank moved offices to the current location after completing previous tenancy obligations. That relocation was to be followed by a good turnaround. The WMB was to have received government funding of K5 million annually starting in 2014, however that support last only two years.

The management had to make some tough decisions had to be made. Overhead costs had to be slashed. The annual cost for IT services was cut to a reasonable level. In 2016 the loan portfolio was K470,000 and out of that 70 per cent was in delinquency.

"We had to make a choice between raising the loan portfolio or containing delinquency," he says.

"We adopted the Asian style of banking rather than the African style where rich people keep their money in banks with a service fee to the bank.

In the Asian style, the bank acts like an intermediary. It accumulates money from all customers to lend it to those who (entrepreneurs) need it while offering attractive interest rates in both financial products.

In 2014 the bank received its license but encountered another hurdle. There was only one branch in Port Moresby as per the Bank of PNG license but there was a number of customers outside Port Moresby and they wanted their bank to serve them. WMB applied and was granted a branch license for Lae in 2017.

WMB then approached development partners and one of its biggest advocates then was Jagdeep Dahiya of the Pacific Financial Inclusion Programme of the UN Capital Development Fund (UNCDF) to reach out to all the outside mamas through technology enabled biometric solutions.

To make banking for rural women accessible, the bank has introduced Mama Bank Access Points (MAP). It is simple, affordable and economical to serve the rural and informal mamas. It need a tablet, a biometric authentication device and a Bluetooth printer to serve the customers.

Even for a social banker he was looking for an established savings culture among his clients – the grassroots women.

"We found difficulties. We needed awareness on the need for savings; it was a tough job.

"We found that bricks-and-mortar business (banking) was not viable and to serve our rural women who are scattered over a large landmass was not going to work well without collaboration with other partners.

A godsend

"We needed to create an awareness to develop a culture of savings. We needed partners to drive our agenda to the people.

"Maybe it was a godsend as one fine morning I was introduced to Papa Sam (founder of Human Development Institute, Mr Samuel Tam Snr). After listening to him, without a second thought I said to myself, this is someone I was looking for. He has the same mindset and was speaking my language. There was an immediate connection.

"In banking we consider five important things, the five Cs: Character, competency, cash flow, collateral and condition." In social banking like in most microfinance banks, most loans are collateral-less so character and competence come to the fore.

"Papa Sam said 'I need a banker to help my Personal Viability Business Scheme (PVBS) praxis to go into business. I said I needed a partner who can help my customers with proper entrepreneurship and create savings culture."

"So a deal was struck. December 2018 was the month when bank's chairman Mr Ricky Mitio, OBE, ML and Papa Sam representing HDI penned a partnership agreement. Since then, the bank has been encouraging those who want to borrow from the bank need to undergo training at HDI, open a savings account with the bank and demonstrate a savings ability to become "viable" borrowers. In turn all WMB staff have at least had level 1 PV training with HDI to understand and appreciate the concept of personal viability and how it is important to their business and clients.

"Through this arrangement and with PV we are assured that our money will come back. In fact all the loans given under this partnership has a nil delinquency.

There is another development partner British American Tobacco who joined hand to the movement to create more entrepreneurs. A revolving fund of K200,000 was supported in this regards to create more entrepreneurs through loan arrangements to all the PVBS students to borrow and repay.

Das points out that the Mama Bank look at four things: 1. Inculcating a savings culture; 2. Financial literacy training; 3.

Business development training, and 4. Easy Access to finance

For years, HDI has been promoting the first three so when WMB partnered it, accessing finance by praxis or trainees was going to be easy as the bank was a lot more confident in lending and recouping its money.

“Usually in our basic loan repayment a customer takes nine months to one year to pay back all the money but under the practical training programme with HDI borrowers have been able to repay within three months after being coached on how to make money and looking after their money.

Connected in heart

“In 2018 I was connected in mind to HDI; today I’m connected in heart, after seeing the success of the Eagle PVBS group as they have helped many individuals. Instead of individuals borrowing, they have helped as a group. It is group mechanics at work. Eagle group is doing great job by getting practical training from HDI and banking services from Mama Bank to create more entrepreneurs.

“We (bank) may have the money, but HDI provides the business class knowledge and skills to do business well and Eagle group is implementing that kind of business!

“We want to create many more entrepreneurs through this partnership and implement a real microfinance concept to help informal and rural people. We would like to see the K12 billion informal sector money coming to banks and savings growing for a better future.”

Currently Mama Bank operates three branches in Port Moresby (also the head office), Lae and Wewak, and five MAPs in Madang, Maprik, Goroka, Alotau and Esa’ala in Milne Bay.

In 2016 the bank made an operating loss of K3 million. In 2017 that was reduced to K1.8, then to K700,000 the following year.

A breakeven was made in 2019. Last year Mama Bank made a profit of K1.14 million but still plenty to do.

Mama Bank is aspiring to give 24/7 banking service to its customers by 2023, Das pledges.

The social banker has turned the fortunes of the WMB around.

“I want to leave with a happy man. I am grooming locals who can takeover. If customers are smiling then I’m happy.

“The mamas’ (shareholders) hard-earned money must earn something for them. I don’t want to leave another sinking boat behind.”