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Afghanistan Banks Association

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ABA E-Newsletter

### **ABA Initiates Capacity Building Workshop for Judges/Prosecutors**

The Four day, Finance Law Consultation and Workshop for Afghanistan Judiciary and Ministry of Justice was conducted by The United States Department of Commerce Commercial Law Development Program (CLDP) and International Finance Corporation (IFC) with active coordination/representation of Afghanistan Banks Association (ABA) in Dubai, UAE during December 14-17, 2016. In this workshop, five judges from Afghan Supreme Court, four prosecutor from Ministry of Justice (Afghanistan), Expert Judges from IFC, Experts from CLDP, CEO of Frontier Standard Company and Mr. Edrees Alimy ABA Research and Communication Officer Participated. The capacity building program in finance law for judges and prosecutors was proposed by ABA to CLDP as short term support for accelerating debt recovery of banks in Afghanistan.

On the first day of the workshop, Mr. Siar Khureishi CEO Frontier Standard Company delivered a presentation on status of Afghanistan banking sector. Subsequently overview of recent legislative and institutional reforms of Financial Infrastructure in Afghanistan and Securing Charges was presented by Everett Wohlers, IFC Expert. Later on, Mr. Edrees Alimy delivered a statistical presentation on current trends of Afghanistan banking sector, included statistical figures on NPA rates, deposits, total loans extended, assets, capital, liability of the banking sector (2016-2015-2014) with comparison analysis and survey on Bad debt conducted by ABA on its member banks. Mr. Alimy suggested the following issues in legislative area to be considered by CLDP for the improvement of banking sector which is related to CLDP mission.

1. Conducting regular workshops for the judges and prosecutors, in Kabul will be much effective, since large number of judges prosecutors can participate and get benefit
2. Hiring Legal Advisor in ABA to do comparative study of Afghanistan banking laws regulation with regional and international banking laws, identify deficiencies to be suggested to DAB, MOJ and other stakeholders for amendments.
3. Corresponding banking relation issue was another issue that raised with CLDP to be taken with US Treasury for the vitality of the Afghanistan Banking sector.
4. Support of ABA for improvement of banking sector legal aspects.

All the recommendations were noted by CLDP to be taken into consideration in the future. During three remaining days of the workshop, presentations, open discussion on different topics included introduction to secured transaction, Mortgages –Creation, Completion and priority, collateral registry in Afghanistan, Enforcement of Charges and Mortgages, Tools and Mechanisms for Efficient Adjudication of Secured Lending Disputes, Draft Insolvency Law in Afghanistan, Inclusion of Notices of Mortgage in the Collateral Registry, real default cases from Afghan banking sector, other topics and case exercises were made, taking into consideration Afghanistan judicial environment and real cases scenario.



## **ABA Takes Steps for Printing of New Standard Chequebooks in Afghanistan**

On 19 Oct 2016, contract signing ceremony was held in Kabul between Afghanistan Banks Association (ABA) and Al Madina Group to manufacture and personalize the New Standardized cheque books, locally in Afghanistan for the first time.

The event was attended by H.E. Khan Afzal Hadawal First Deputy Governor Da Afghanistan Bank (Afghanistan's Central Bank), H.E. Aimal Marjan Deputy Minister of Communications and Information Technologies (MCIT), ABA Executive Director Mr. Najibullah Amiri, Ms. Sheila Hopper Jamal Al-Madina Group CEO, Mr. Mohammad Atif General Manager and Mr. Mohammad Kabir Essakhil Country Director Al-Madina Group, CEOs and senior officials of ABA's member banks and media reporters were present. The event commenced with recitation of verses from the Holy Quran.

Mr. Najibullah Amiri, Executive Director ABA, welcomed the delegates, member banks, he added: presently, the changes brought by technology, business processes have also been dramatically changed, in order to reduce the risk of at fraud and manipulation The Da Afghanistan Bank (DAB) have taken a step forward and decided to establish modern and standard cheque note system and developed guidelines (Cheque Standard Specifications) for its member banks as standards and security preventive measures. DAB further plans to automate cheques clearance system using Automated Transferring System (ATS) project, which previously was done manually but with standard cheque this could be done by machines and clear cheques match quicker.

H.E. Khan Afzal Hadawal, First Deputy Governor of DAB, welcomed the contract between ABA and Al Madina Group regarded standardized cheques printing as one of very basic requirements of the modern banking systems. He added, after this, all the banks will have the new standardized cheques to meet basic cheque standardization. These cheques will not only be printed for local banks but also for branches of international banks inside Afghanistan and no foreign bank will be allowed to print cheques on their own without having to follow proper guidelines.

H.E. Aimal Marjan, Deputy MCIT Minister, appreciated the efforts of ABA together with Al Madina Group. H.E. Marjan welcomed the initiative of ABA, direct foreign investment of Almadina Co and added companies should be encouraged on government level to provide professional services locally in Afghanistan in different sectors. To date MICT has attracted over 2.2 Billion USD direct foreign investment in telecom and other private sectors of Afghanistan.

The Agreement between ABA and Al Madina Group was signed between Mr. Najibullah Amiri CEO of ABA and Ms. Sheila in the presence of respected CEOs/CMs and few authorized representatives of Azizi Bank,

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Arian Bank, Bakhtar Bank, Afghanistan Commercial Bank, Maiwand Bank, Pashtany Bank, Bank-e- Millie Afghan, National Bank of Pakistan, Habib Bank Ltd, Ghazanfar Bank, The First Microfinance Bank, New Kabul Bank and Bank Alfalah Ltd who also individually signed the contract . Afghanistan International Bank and Afghan United Bank also participated in the event.



### **ABA Signs MOU with IBA**

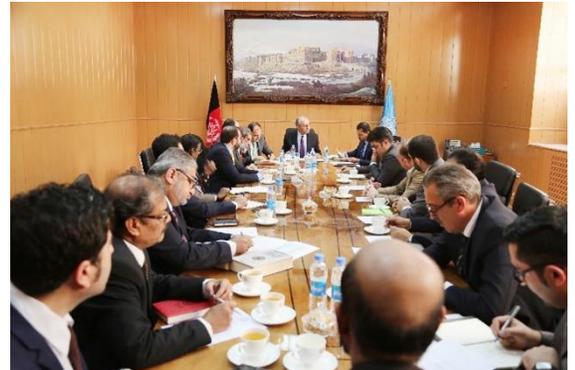
In order to promote bilateral relations in the field of banking, financial services, capacity building, strengthening favorable environment for Afghan banking sector, liberalize banking, Afghanistan Banks Association (ABA) signed MOU with Indian Bank's Association (IBA) on November 28, 2016 in Mumbai- India. The Associations were represented by Mr. Najibullah Amiri ABA Executive Director and Mr. K Unnikrishnan Dy. Executive Director/Acting CEO, and high officials of IBA. Mr. Lufullhaq Noor Paserly Director AIBF also attended the function .The signing of MOU was due to continue efforts of ABA since April 2016 toward expansion of regional collaboration with different banks associations.



## **ABA Conducts CBCG Meeting**

Afghanistan Banks Association (ABA) arranged Commercial Banks Consultative Group (CBCG) Meeting with coordination of DAB on December 05, 2016. The meeting was officially chaired by H.E. Mr. Khalil Sediq Central Bank (DAB) Governor. In this meeting, H.E. DAB Governor, DAB First Deputy Governor, Deputy Director General, Financial Supervision, Deputy DG (Islamic Banking) Division, General Director, Banking Operation, CFO, DAB, Commercial Banks CEOs and ABA management attended. The following points were discussed and appropriate action were taken:

1. Quarterly Audit Review by the Same Audit Company in year 2017 – ISRE 2400 to be replaced with ISRE 2410
2. Islamic Banking
3. Acceptance of Top up cards as collateral
4. Lobbying for Accountancy Law for submission to the cabinet



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## **ABA Conducts Islamic Banking Committee meeting**

Afghanistan Banks Association (ABA) arranged meeting of Islamic Banking Standing Committee on October 19, 2016 to discuss the following meeting: In this meeting Head of all Islamic Banking Windows participated.

**Letter for IDB:** It was agreed that an official letter should be sent to Islamic Development Bank (IDB) as request to support Afghanistan Islamic Banking.

**Status of Publication of magazine (Scope & Contents):** Mr. Tajgul was advised to take care of the issue. All respected members were asked to actively participate in the magazine through provision of their articles on different update topics.

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**Follow up on Pending Issues with DAB:** Mr. Najibullah Amiri added that he has communicated with Islamic Division officials of DAB on follow up of below issues.

- Title “Head of Islamic banking” should be changed to “Chief Islamic banking”
- Asset classification should be amended
- Weightages should be allowed

DAB officials stated that the above issues are accepted by Islamic banking division and official letter will be sent to banks after approval of DAB supreme council.



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### **ABA Organizes Credit Standing Committee Meeting**

On October 04, 2016, ABA organized the first meeting of Credit Standing Committee in ABA Office. The aim of this meeting was to discuss on the following agenda points.

1. Charter and TOR for the committee
2. Core issues to be addressed by the committee
3. Appraisal
4. Meeting Calendar

The meeting was commenced by Mr. Najibullah Amiri Executive Director ABA. He discussed about the importance of Appraisal of Property/Evaluators and formation of Appraisal Body. He introduced Mr. Murtaza Edries, President Pearl horizon, who was invited to exchange his views with the CCOs of banks regarding appraisal of property and design of the project.

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Mr. Amiri updated members that ABA working with Pearl Horizon to develop a professional and technical proposal for submission to MISFA for receiving possible grant. In this respect, he advised CCOs to extend their generous support in future by sharing their professional views and standards practices, models that are applicable in the countries. Each member shared their bank's policy & procedures on enlistment/selection of Property evaluators. It was discussed that there should be standardized rates for property evaluation and they should possess required expertise while carrying out valuation, e.g. they should have Mechanical, Electrical and Civil engineers while carrying out Industrial evaluation.

### **Conclusion:**

- It was decided that the members should come with draft suggestions on Charter and Term of Reference of the Credit Committee
- Mr. Amiri ABA Executive Director shall attend the meeting on his own discretion when he may feel appropriate, or if there is issues to be discussed/reported to him for further step in the future, request shall be made to him in this respect .
- The charter must carry recommendations to discuss with concerned forums about the difficulties faced by the banks due to slowness in economy & decrease in the value of immovable collateral.
- The committee manage the meeting and outcome/finalized submission of the meeting will be shared with ABA for lobbying.
- Evaluation of good Evaluators & place them on ABA panel. There should be certain bench marks to hire professional evaluators and after enlistment, their names should be circulated preferably through DAB. Their fee should be in three slabs, more the qualified higher should be remuneration.
- It should be taken up with DAB that 1% General Reserve applies on accounts with overdoes 10- days / above (till next classification category starts) instead on all accounts.

