



FINANCIAL INSTITUTIONS ASSOCIATION OF BHUTAN

ANNUAL REPORT 2024

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About FIAB

The Financial Institutions Association of Bhutan (FIAB) serves as a dynamic platform uniting Bhutan's financial sector to promote growth, collaboration, and innovation. Founded in 2010 and formally registered as a Civil Society Organization in 2022, FIAB is classified as a Mutual Benefit Organization, reflecting its mission to advance the collective interests of its members. FIAB has 13 members and it plays a vital role in fostering a sustainable and resilient financial ecosystem.

FIAB operates through a fully functional Secretariat Office led by an Executive Director, driving its initiatives to support member institutions and the broader financial sector. By organizing capacity-building programs and workshops, FIAB enhances the skills of financial professionals, ensuring the sector remains competitive and adaptable. The association also advocates for favorable policies, facilitates collaboration among members, and addresses shared challenges to strengthen the sector's foundation.

In addition to professional development, FIAB actively works to improve public financial literacy, empowering individuals to make informed decisions about financial products and services. It also promotes innovation within the sector, encouraging the adoption of sustainable and inclusive practices. Through its coordinated efforts, FIAB supports the financial sector in aligning with Bhutan's developmental philosophy of Gross National Happiness, ensuring economic progress contributes to societal well-being.

FIAB's contributions extend to creating networks that foster cooperation, sharing best practices, and advancing market accessibility. By addressing challenges such as technological advancements, regulatory compliance, and customer expectations, FIAB ensures Bhutan's financial institutions are well-positioned to meet emerging demands. FIAB remains committed to driving the sector's growth while prioritizing sustainability, inclusivity, and excellence.

Message from the President

Financial Institutions Association of Bhutan (FIAB), since its inception in 2010, has served as a vital platform for uniting Bhutan's financial institutions, fostering collaboration, and driving innovation in the sector. FIAB's journey has been one of growth and shared success. With 13 member institutions and a fully functional Secretariat Office, we are working tirelessly to address the evolving needs of the financial sector.

FIAB's achievements are a reflection of the dedication and support of our members, the leadership of the Secretariat, and the trust placed in us by our partners and stakeholders. As we continue to navigate the complexities of the financial landscape, our commitment to excellence, inclusivity, and sustainability remains unwavering.

Looking ahead, I am confident that FIAB will continue to play a pivotal role in strengthening Bhutan's financial sector and contributing to the nation's progress. Together, let us work towards a vibrant and prosperous future for all.

Vision, Mission Objectives



VISION

Making the country's banking and financial services reliable and accessible by addressing issues, instilling best practices, and promoting Bhutanese financial sector as a financial hub in the region and beyond.

MISSION

To promote, advance and protect the common interests of the financial service providers in the country and to represent as a forum and as a collective voice for the financial institutions in addressing specific problems and policy issues at the national, regional and international levels.

OBJECTIVES

1. Represent issues of common interest of banking, pension, insurance, reinsurance, fund management, and any other interest of the member institutes;
2. Promote and develop sound and progressive banking, financial and insurance (BFI) principles, practices, conventions and to contribute to the development of creative BFI industry;
3. Coordinate and cooperate on procedural, legal, technical, administrative or professional issues and practices of BFI industry;
4. Develop and implement creative and innovative ideas in BFI services, operations and procedures;
5. Promote harmonious personnel relations in BFI industry and devise ways and means for involving BFI personnel in the endeavours of BFI for growth and development of BFI sector and the economy of the country;
6. Act as a clearinghouse for dissemination and exchange of statistical data, information, views and opinions on the systems, procedures and practices, and organization and methods of BFI and on the structure, working and operations of the BFI System;
7. Provide the basis for the sector's engagement with the stakeholders;
8. Provide regulatory and policy feedbacks to the regulators;
9. Contribute towards strengthening corporate social responsibility in the society;
10. Any other objectives that may be adopted by the Association from time to time.

Organizational Structure



I. PARTICIPATION IN THE 2ND ICC EMERGING ASIA BANKING CONCLAVE & AWARDS 2024.



The Financial Institutions Association of Bhutan (FIAB) successfully participated in the 2nd Edition of the ICC Emerging Asia Banking Conclave & Awards, held from August 22–23, 2024, in New Delhi, India. The team was led by FIAB's President, Mr. Dorji Kadin, CEO of the Bank of Bhutan. The event brought together financial leaders and institutions from across South Asia, including Bhutan, Bangladesh, India, Maldives, Nepal, and Sri Lanka. It was organized by the Indian Chamber of Commerce (ICC), the event provided an excellent platform for dialogue, knowledge exchange, and recognition of excellence within the region's financial sector. FIAB contributed as one of the Association Partners, reflecting its growing prominence in regional financial discourse.

A highlight of the event was the recognition of the Bhutan National Bank as the Best Bank in Bhutan, an accolade that underscores the strength and achievements of Bhutan's banking sector. The awards were country-specific, with PricewaterhouseCoopers (PwC) serving as the Process Reviewer, ensuring transparency and credibility in the selection process.



II. COMMON LOAN AGREEMENT WORKSHOP



The Financial Institutions Association of Bhutan (FIAB) organized a five-day workshop in Paro from October 7 to 11, 2024, aimed at drafting and finalizing common loan agreements for Bhutan's lending institutions. The workshop brought together legal officers from eight lending institutions to collaboratively work on the drafting process during the initial days.

To ensure inclusivity and alignment with operational needs, credit officers from the participating institutions joined the workshop for the last two days to review and finalize the draft. The final day afternoon session, was attended by the CEOs of the eight lending institutions, to endorse the draft common loan agreements.

This initiative was mainly carried out to standardize the loan practices across the sector. By facilitating a unified approach to loan agreements, FIAB aims to streamline processes, enhance transparency, and promote consistency in lending practices, ultimately benefiting both financial institutions and borrowers.



III. NEED ANALYSIS WORKSHOP



The Financial Institutions Association of Bhutan (FIAB) organized a five-day workshop in Paro from October 7 to 11, 2024, aimed at drafting and finalizing common loan agreements for Bhutan's lending institutions. The workshop brought together legal officers from eight lending institutions to collaboratively work on the drafting process during the initial days.

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IV. ELECTION OF THE FIAB PRESIDENT



During the 19th FIAB Governing Board Meeting held on June 25, 2024, Mr. Dorji Kadin, the CEO of Bank of Bhutan Ltd., was elected as the President of the Financial Institutions Association of Bhutan (FIAB). The election was followed the voluntary resignation of the former President, Mr. Pema Tshering, CEO of T Bank Ltd.

V. COURTESY MEETING WITH INTERNATIONAL FINANCE CORPORATION



The Financial Institutions Association of Bhutan (FIAB) held a courtesy meeting with key officials from the International Finance Corporation (IFC) and its Bhutan Country Office. The meeting served as a platform to discuss a range of issues pertaining to Bhutan's financial sector and explore potential avenues for collaboration. During the discussions, IFC officials sought to understand the current state of Bhutan's financial sector and explored areas where IFC could provide support to financial institutions. The President of FIAB provided a comprehensive overview of Bhutan's financial sector, including a historical perspective on the establishment and growth of various financial institutions. He outlined the key challenges currently faced by the sector and provided insights into the broader political and economic context impacting the financial ecosystem.

Highlighting the importance of external investment, the President emphasized that IFC could play a pivotal role in addressing Bhutan's economic challenges. He suggested that IFC could channel investments either through the government or directly through financial institutions, focusing on projects that generate foreign currency revenue and help reduce the country's trade deficits.

VI. FIAB'S COLLABORATION WITH THE WORLD BANK



On April 19, 2024, the FIAB hosted a meeting with the World Bank Mission to discuss the development of property valuation infrastructure in Bhutan. The meeting was led by Mr. Pema Tshering, President of FIAB, and the World Bank team headed by Mr. Mika Petteri Torhonen, Global Lead of Land at the World Bank. Discussions focused on the current status of property valuers and valuation services within Bhutan's financial sector. The meeting highlighted the importance of strengthening property valuation capabilities to support financial institutions and enhance economic resilience.

As part of the “Disaster Resilience Development Policy Credit with a Catastrophe Deferred Drawdown Option” a project funded by the World Bank, the Ministry of Finance will organize a property valuation training course for officials from the government, private sector, and financial institutions. The training will be facilitated by Universiti Teknologi Malaysia, a key partner in building property valuation expertise in Bhutan. Additionally, the project will oversee the development of Property Valuation Standards for Bhutan, marking a significant step toward standardizing valuation practices. The President of FIAB emphasized the need for establishing at least two Property Valuation Agencies in Bhutan in the near future. These agencies would play a critical role in providing reliable and standardized valuation services, ensuring consistency and transparency in property assessments across the country.

VII. FIAB MEETINGS



FIAB convened a total of seven Governing Board Meetings, including General Members' Meetings, in 2024. FIAB has fulfilled the mandates set by the Civil Society Organizations Authority (CSOA) and the Anti-Corruption Commission (ACC), which require four quarterly meetings and one Annual General Meeting (AGM) by year end. These meetings served as crucial platforms for discussing and addressing common issues faced by Financial Service Providers (FSPs) in Bhutan.

Key agenda items included the deliberation of challenges such as Non-Performing Loans (NPLs), liquidity concerns, compliance with evolving regulatory requirements, and enhancing collaboration among member institutions. The meetings also focused on identifying opportunities for innovation, improving customer service, and fostering resilience within the financial sector. Through these discussions, FIAB facilitated constructive dialogue among CEOs and senior representatives of member institutions, ensuring that collective solutions were identified and implemented. Additionally, FIAB used these meetings to review ongoing initiatives, such as the development of common loan agreements, capacity-building programs, and collaborations with the relevant organizations. The outcomes of these meetings reinforced FIAB's commitment to foster unity and coordination within the financial sector in the country.

VIII. OTHER ACTIVITIES



In 2024, FIAB organized its Annual Rimdro on June 1, 2024, seeking blessings for a prosperous and successful year ahead. This ceremony was attended by the CEOs of all member institutions, who gathered to pray for collective achievements and positive outcomes for the financial sector.

Additionally, FIAB held several key meetings with the Royal Monetary Authority (RMA) and other relevant agencies to discuss regulatory developments, address challenges faced by Financial Service Providers (FSPs), and explore collaborative opportunities to strengthen Bhutan's financial sector.



Financial OVERVIEW

FINANCIAL INSTITUTION ASSOCIATION OF BHUTAN
RECEIPT AND PAYMENT STATEMENT
FOR THE YEAR ENDED 31 DECEMBER, 2024

(Amount in Nu.)

RECEIPTS			PAYMENTS		
Particulars	skd.	Amount	Particulars	Skd.	Amount
Opening Balance:	1		Expenditure		
i. Cash at Bank		2,224,439.86	i. Meeting Expenses	7	917,609.18
ii. Cash in Hand		0.00	ii. Capital Expenditure	8	50,100.00
Fund Receipt	2		iii. Donation Expenses	9	65,000
i. Membership Contribution		4,500,000.00	iv. Administration Expenses		
ii. Contribution Received for Housing Survey		2,512,500.00	a. Employment Expenses	11	2,535,851.50
iii. Donation for Enhancement of Pro Bono Legal Service		65,000.00	b. Other Administrative Expenses	12	1,408,904.38
Interest earned from FD	3	185,457.33	Investment	10	1,500,000.00
Deposit	4	2,500,000.00	Remittance	5	495,822.53
Recoveries	5	495,822.53	Advance	6	130,394.00
Adjustment	6	130,394.00	Closing Balance	13	
			i. Cash at Bank (TBL)		4,323,474.80
			ii. Cash at Bank (BNBL)		1,186,457.33
			iii. Cash in Hand		0.00
Grand Total		12,613,613.72	Grand Total		12,613,613.72

For Financial Institutions Association of Bhutan

For and on behalf of FIAB



Treasurer

Place: Thimphu

Date:



President




Executive Director

Looking Ahead: Way Forward

As the Financial Institutions Association of Bhutan (FIAB) continues to advance its mission of fostering collaboration and innovation within the financial sector, the organization has identified key priorities to guide its efforts in the coming year:

- **Strengthening Sectoral Resilience:** FIAB will focus on enhancing the financial sector's capacity to withstand economic challenges by promoting prudent risk management practices, addressing common concerns, and advocating for supportive regulatory frameworks.
- **Capacity Building and Skills Development:** Building on the success of previous training and workshops, FIAB plans to organize more capacity-building initiatives tailored to the needs of member institutions. These will include advanced training programs for legal, credit, and risk management professionals to ensure the sector remains competitive and well-prepared for future challenges.
- **Standardizing Financial Practices:** FIAB aims to develop a linkage between the sectors to have a standard financial practice.
- **Advocating for Policy Reforms:** FIAB will work closely with policymakers to address key issues faced by the FIs to create an enabling environment for the Financial sectors.

Through these strategic initiatives, FIAB remains committed to its vision of fostering a robust, inclusive, and dynamic financial sector that contributes to Bhutan's economic resilience and prosperity.

Acknowledgement And Conclusion

The Financial Institutions Association of Bhutan (FIAB) extends its heartfelt gratitude to all our members, partners, stakeholders, and individuals who have generously supported our mission to promote and work towards growth of Financial Sector in Bhutan. Your unwavering commitment and collaboration have been instrumental in advancing our efforts and achieving significant milestones throughout the year.

In conclusion, We are excited to continue working together and achieving even greater accomplishments in the future.

Thank you for your continued support and trust in the mission of the Financial Institutions Association of Bhutan.



Contact Us



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