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Bank of the Lao PDR

# NEWS

Public Relations Section, Cabinet Office, Bank of the Lao PDR

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## Microfinance bodies advised to beef up management



The Bank of the Lao PDR has stressed that Deposit Taking Microfinance Institutions (DTMI) need to manage their deposits according to the central bank's rules in order to better manage financial risk.

The Bank also advised DTMI to improve their administration, particularly in balancing their deposits and Assets, so as to operate sustainably.

These issues were stressed by Deputy Governor of The Bank of the Lao PDR, Mr Sonexay Sitphaxay, at the annual DTMI forum held in Vientiane capital on 24 February 2017.

The meeting was attended by senior officials from different department of the Bank of The Lao PDR and relevant ministries along with representatives from state-owned bank, DTMI member and international organizations.

Last year DTMI developed and progressed in various areas such as technical strengthening and closer cooperation and promotion in various area, especially planning, policy formulation, management and coordination.

But compared to similar institutions in other Asean Countries, those in Laos lack experience and efficiency, Mr Sonexay said.

Some administrators and employees' skills are still limited and most customers' understanding of microfinance is also limited.

Through this forum, he believed that the business operations of DTMI in Laos would progress and improve, helping to develop rural people's lives by making finance available to them in the form of loans.

The growth of DTMIs will also promote socio-economic development as well as increase job opportunities for local people.

Laos currently has 17 DTMI under the Bank of the Lao PDR, whose assets increase from 315 billion kip in 2015 to 522 billion kip in 2016, or by about 75 percent, the Financial Institution Supervision Department's Deputy Director General, Bank of the Lao PDR Mr Visone Saysongkham, said.

Total funds increased from 46 billion kip in 2015 to 68 billion kip in 2016, or 79 percent, while profits increased one billion kip to eight billion kip equal to 54 percent.

Deposits in DTMIs rose from 263 billion kip to 467 billion kip, or 77 percent, and loans increased from 186 billion kip to 383 billion kip, or 106 percent, he added.

Overall, the numbers of customer deposit accounts increased from 130,520 accounts to 150,000 accounts, an increase of 15 percent, while the number of loans increased from 24,194 accounts to 37,101 accounts, an increase of 53 percent, Mr Visone said.

Most loans were given in three main sectors: 47.16 percent for services and trading 40.65 percent for agriculture and livestock, and 12.20 percent for handicrafts and household goods.



*Source: Public Relation, Cabinet Office*

