Sustainable Mountain tourism and Financial solution
• Bank profile
• COVID-19 impact and Monetary relief support
• Investment opportunity in Tourism Sector
• Innovative Financial solutions
• Issue & Challenges
Bank of Bhutan

Established in 1968

Government Bank

Commercial bank

MARKET SHARE

<table>
<thead>
<tr>
<th>Credit Market</th>
<th>33%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit Market</td>
<td>45%</td>
</tr>
<tr>
<td>No. of Customers</td>
<td>312,949</td>
</tr>
</tbody>
</table>
Monetary support to tourism sector (phase I-III):

- Interest waiver for 3 years
- Restructuring of loans- deferral for 3 years
- Concessional interest rate working capital loan (tourism, airlines, and manufacturing) to meet:
  - Salary of employees
  - Utility bill payment
  - Other overhead expenses
  - Refund of advance booking liabilities

“With a hope for blue sky after storm”
Investment opportunity

- Global average contribution from tourism was 10.30% in 2019
- Bhutanese tourism sector contributed about 7% to the GDP which is way below the global average.
- For a sector which employs 16% of the total workforce, the contribution to the GDP should be significantly higher.
Service & tourism
Sector lending

Overall Credit by Sector - Dec 2020

- Service & Tourism: 29%
- Building & Construction: 28%
- Trade and commerce: 12%
- Manufacturing: 14%
- Transport: 4%
- Personal: 9%
- Agriculture: 4%
Service & tourism
Sector lending

BOB Credit by Sector-2021

- Building & Construction: 31%
- Service & Tourism: 31%
- Personal: 15%
- Trade and commerce: 6%
- Manufacturing: 13%
- Transport: 4%
What we Offer?

- Sector infra investment
- Maintenance loans
- Development of destination
- Green Finance window
Chharo e-wallet

To cater tourists financial transaction needs.
Acceptance of all international cards like VISA, Master, AMEX, JCB etc.;
What we Offer?

- Sector infra investment
- Maintenance loans
- Development of destination
- Green Finance Window

Green finance Window

With a focus on...

- Impacts
- Paradigm-shift potential
- Crosscutting adaptation-mitigation benefits
- Sustainable investment co-benefits
- Innovative financial solution

Source: GCF 8 strategic result areas
Key issues and possible Strategic Interventions

Tourism as an economic growth tool

- Taxonomy for green lending, green project and green bond
- Regulation for the banks to disclose carbon footprint of their loan and investment,
- Strong incentive for green/low carbon tourism project:
  - green interest rates for low carbon activities
  - Reduction in risk weight for green asset
  - Green qualified collateral for sourcing for funds
  - Environmental & climate risk analysis – part of credit risk assessment