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Dr Akhtar urges IBIs to enhance outreach to rural areas

Dr Shamshad Akhtar, Governor State bank of Pakistan has urged upon the Islamic Banking Institutions (IBIs) to increase their penetration in rural areas of the country and diversify their network for the benefit of underserved segment of the society.

Speaking at a ceremony held in Karachi this afternoon to celebrate the establishment of 100th branch of Meezan Bank, Dr Akhtar said that she counts on Islamic banks to enhance their outreach by opening up branches in rural areas and focus on farm and non-farm based lending. She also spoke about State Bank's New Branch Licensing Policy and said that the State Bank has allowed substantial growth in branch network.

She said the new licensing policy is 'very liberal' under which each bank is required to set up at least 20% of the total branches, under their annual branch expansion plans, in rural areas for the purpose of enhancing the outreach of banking services. SBP Governor said under the policy, the State Bank has allowed microfinance banks to open as many branches as they want in the rural areas.

"Along the same lines, I think Islamic banks may also be allowed to set up as many branches in rural areas as they want," the Governor remarked. Dr Akhtar said that there is also a unique opportunity for Islamic banks to do infrastructure financing and long-term lending. She also said that rural areas of Pakistan have great potential of growth and Islamic banking could play a pivotal role in the development of these areas.

"Rural prosperity has increased over the years and capacity to buy and save is higher in rural areas," Dr Akhtar said. She congratulated the management of Meezan Bank in achieving yet another milestone on top of an impressive growth over the last five years.

Earlier, Mr Irfan Siddiqui, President and CEO of Meezan Bank in his welcome address said that Meezan Bank is now operating in 31 cities of the country and branch expansion will continue during 2008 with an aim to increase network to 150 branches. He said the Bank's total deposit base is over Rs 52 billion, 42% of total Islamic banking industry, and its financing stands at Rs 30 billion which is 34% of total Islamic banking financing while its total assets are worth Rs 64 billion or 36% of overall Islamic banking assets in Pakistan.
