

Over 400,000 branchless/mobile banking accounts opened in past 18 months: Yaseen Anwar

Mr. Yaseen Anwar, Deputy Governor, State Bank of Pakistan has disclosed that over 400,000 branchless/mobile banking accounts have been opened collectively by banks and more than ten million financial transactions took place during the past one and a half year in the country. 'Through branchless banking, billions of rupees of funds have been transferred from person -to- person, account -to- account, account -to- person, person -to- account and government -to- people', he added.

Addressing the 4th International Mobile Commerce Conference in Pakistan at a local hotel in Karachi today, he said that the market for fund transfer and other banking services in Pakistan is not confined to rural areas only as urban locations also hold significant potential for many aspects of financial services. 'To serve the needs of this low income vulnerable segment of society, living both in urban & rural areas, banks now offer branchless banking services and have developed a network of over 14000 agents across the country providing branchless banking services. 'All this has developed in only 1-1/2 years as compared to the total number of bank branches of 10,000 over a span of 63 years,' he added.

He observed that while branchless/mobile banking in Pakistan is still at its infancy, the results have been encouraging and people have become believers that their banking needs may be fulfilled via a nearby general store or mobile balance load shop or a petrol pump or a neighborhood grocery store. 'We also have the support and trust of international development agencies & stakeholders on State Bank regulated bank-led model of branchless banking,' he added.

Mr. Anwar said the State Bank of Pakistan issued branchless banking regulations in 2008 and today 'we have Tameer Bank's easypaisa, UBL's OMNI, MCB Mobile, KASB Mobile and HBL-Ufone providing branchless/ mobile banking services.' He disclosed that aside from Dubai Islamic Bank which is currently pilot testing its deployment, several other banks are in the pipeline intending to offer branchless banking as well. He said that a number of different stakeholders in Pakistan are ready to play their part in branchless banking as the central bank is encouraging innovative products and services in the financial sector in line with its financial inclusion program. He expressed the hope that the synergic nature and critical role of all partners will definitely pave the way for financial inclusion and would make Pakistan a global example in the area of financial inclusion, consumer protection, access to finance and poverty reduction.

Appreciating the role of banking industry, he said the banks have done a commendable job by channeling the transfers of Government of Pakistan's and multilateral donor agencies' funds for flood victims and internally displaced people by employing their branchless banking infrastructure and mobile phone devices.

He said that the strong economic growth of Pakistan's economy during the last decade witnessed two sectors that reported strongest growth rates: banking and telecom. Both of these sectors attracted significant foreign direct investment in Pakistan. 'The rapid penetration of cellular phone technology has the potential to elevate financial inclusion provided both sectors mutually develop a better understanding,' he added.

He observed that the advancements in Information & Communications Technology that have transformed our lives over the past ten-twelve years, also have the powerful potential to change the lives of Pakistan's poor people. 'Technology has the potential to serve the financial needs of the unbanked poor,' he added.

SBP Deputy Governor pointed out that there are also challenges attached with this emerging package of mobile banking. He said the process of adapting to changes in our banks is slow while aggressive & rigorous marketing efforts are also needed to achieve the desired upshots. He also stressed the need for creating trust in consumers' mind that non-bank agent locations providing financial services are safe places and mobile phones are secure mediums to carryout financial transactions.

He pointed out that with the rapid developments in IT systems and increasing acceptance of alternative modes of banking transactions, the country's payment systems infrastructure has displayed a growing trend in recent years. In e-Banking, the number of ATMs in the country has reached 4,750. Of the 10,300 branches nationwide, nearly 7,100 bank branches today are offering real time online banking, he said and added: 'The number of plastic cards (i.e. ATM, Debit & Credit Cards) has now reached 13.2 million in circulation.'

SBP Deputy Governor said that the volume and value of overall e-Banking transactions in country during the Oct-Dec 2010 quarter reached 56.42 million and Rs 5.5 trillion respectively showing an increase of 7.30% in volume and 17.47 % in value compared to the previous quarter. ATMs, being the largest channel for e-Banking transactions, evidenced a 5.6% increase in number of transactions and a 9.5% increase in value which resulted in an average value of Rs.8,804 per ATM transaction, he said. 'A very significant increase was also recorded in transactions related to Real Time Online Branches (RTOB).The number of such transactions grew by 10.59 % and the value of transactions increased by 17.97%. On average all channels of e-Banking witnessed growth,' he added

He, however, observed that though electronic banking has shown promising results, it has yet to achieve center-piece status of Pakistan's cash and cheque oriented society. 'While the network of plastic cards, like ATM and credit cards, have existed in Pakistan since the 90s, the uptake of such alternative channels has remained relatively insignificant,' he added. 'To increase the outreach of banking services and target the untargeted, much more efforts are needed going forward', he emphasized.

Mr. Anwar said that mobile banking has the ultimate power that can lead to increased access to financial services as well as the expansion of new financial instruments across the world. 'Mobile banking products and services are rapidly increasing today,' he added. He said that over 1 billion customers have access to mobile phones but no access to formal financial services. 'Likewise there are over 90 live mobile money deployments around the world, 27 of which are in South Asia. Over 80% of these deployments are in developing markets,' he added.

He also stressed that banks offering mobile banking services need to develop aggressive marketing plans and campaigns to attract customers to visit the agent location for their banking transactions. 'A bank customer should not go to a cash point to redeem his money and find out that there is no cash,' he added.

He said the State Bank of Pakistan believes in encouraging innovative products and services in the financial sector. 'In this global village of ours where the information age has eliminated all geographical boundaries, it behooves us to accelerate the transformation of our technology based products to ensure we face the challenges of the 21st century in a proactive and disciplined manner. We must work together to build the financial services sector consistent with nation building for the betterment of each and every individual in Pakistan', Mr. Anwar added.
