



External Relations Department

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Prime Minister launches scheme for promotion of home remittances through M-wallets

Prime Minister Mr. Shahid Khaqan Abbasi said that Government of Pakistan is taking several strategic initiatives to promote inflow of home remittances in the country. 'In continuation of our efforts, I am pleased that GoP in collaboration with the SBP and financial industry is launching a scheme for promotion of home remittances through m-wallets, he said.

He was addressing the launching ceremony of 'Promotion of Home Remittances through M-wallet Accounts.' The Prime Minister said that the scheme will help in channelizing home remittances through Branchless Banking (BB) channels. 'It will help achieve twin objectives', said the PM, 'Firstly, it will facilitate the populace by provision of home remittances in swift, convenient and cost effective manner by utilizing the network of BB agents across Pakistan; secondly, it will help enhance the usage of m-wallets and creation of digital accounts.' Mr. Abbasi also announced Government's budgetary support to incentivize home remittances through M-Wallet accounts.

The Prime Minister reminded the audience that since 2013, after coming to power, his party had made significant strides as it stabilized economy, accelerated GDP growth and introduced structural reforms to uplift the living conditions of the common man. He said that financial inclusion is considered as one of the key instruments for economic development. 'Unfortunately, Pakistan is among the countries accounting for around 5 percent of the world's unbanked population,' he said adding 'In Pakistan only 23% of the adult population has access to formal financial services.'

Mr. Abbasi said that in Pakistan remittances have been the second-highest source of foreign exchange earnings for the country, after export receipts. 'Over the past 10 years, remittances have grown at a compound annual growth rate (CAGR) of over 12 percent – one of the highest growth rates for any country in the world,' he said adding, 'Pakistan's relatively better performance in the region is principally attributed to sustained increase in emigrant workers during past few years and supportive policies of the Government and the State Bank.' He also appreciated the role of the Pakistan Remittance Initiative (PRI) in strong growth in remittances.

Earlier, in his welcoming address, the Governor State Bank of Pakistan (SBP) Mr. Tariq Bajwa thanked the Prime Minister for his visit to SBP and launching this important initiative. Introducing the scheme of home remittances through M-Wallets, the Governor stated that that it will help to achieve two objectives: one, increasing financial inclusion in the country; and, two, making transfer of home remittances faster and at low cost, thus competing with informal channels of delivery.

Mr. Bajwa stated that against the clear challenges of limited financial access in the country, SBP has been pursuing a long-term strategy to address financial exclusion through BB regulatory and market-development initiatives. Alternative channels are providing flexible, cost-effective, and convenient modes of doing transactions. 'The industry has progressed remarkably during last few years,' said the Governor, adding further, 'as of June 2017, 27.3 million mobile wallets (branchless banking accounts) have been opened while branchless banking agents have increased to 402,000.' This growth has resulted in providing basic banking services close to locations of customers, thereby saving their time and travelling costs. "I believe it is high time to leverage technology led banking to provide tailor made solutions to the masses to satisfy their financial needs", stated the Governor.

While sharing further details, Governor SBP said that all BB providers and individuals receiving home remittances are eligible for this scheme. New category of BB Level 1 (L1) account 'Home Remittances Account (L1-HRA)' is required for receiving remittances through this scheme. There is no initial deposit and minimum balance requirement. For each USD received, HRA holder will earn air time of Rupee 1 in the registered SIM against the account. The incentive is being provided through public-private partnership shared equally between GoP and BB provider. 'Through this initiative we will be able to compete with the informal channels on both efficiency and cost,' the Governor said.

The beneficiaries would be able to withdraw cash from ATMs, respective bank branches or thousands of branchless agents. Further, they would be able to make digital payments to settle their utility bills etc. by using their M-Wallets. The scheme is expected to improve financial inclusion and inflow of home remittances through formal channels in the country significantly, particularly for far flung areas with limited financial infrastructure.

The event was attended by the Ministers, international partners, high ranking Govt. officials, chairmen board of directors of banks & DFIs, SBP board members and CEOs/presidents of banks/DFIs. Presidents of various business chambers and trade bodies were also present on the occasion.
