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State Bank supporting SMEs for setting up business and its growth

To improve awareness about its SME finance policy and refinance schemes, State Bank of Pakistan (SBP) conducted meetings with manufacturers and exporters of cutlery, stainless steel utensils, water pumps and ceramics belonging to SME sector in Gujranwala. Representing SBP, Syed Samar Hasnain, Executive Director, State Bank of Pakistan said that SMEs can avail a number of financial services such as setting up and expansion of their business and working capital finance for specific sectors.

“All refinance facilities are available for end users at fixed rate of 6% per annum and that banks are also incentivized to lend to SMEs,” said Mr. Hasnain. He elaborated on recent measures including enhancement of maximum loan limit to Rs.1 million from Microfinance Banks, simplification of loan application form and fixation of maximum turn-around-time with the aim to facilitate small and medium enterprises.

Mr. Hasnain informed the participants that banks have been advised to promote non-financial advisory services for hand-holding of SMEs. Adding further, he shared that in order to better serve SMEs the National Institute of Banking and Finance, a wholly owned subsidiary of SBP, has trained around 2,500 bankers last year.

Mr. Hasnain asserted that SME finance policy along with number of refinance facilities for the SMEs will pave way to enhance current share of SME finance of 8.5% of the total private-sector credit to 17% by 2023. He added that number of borrowers is also expected to rise from current 180,000 to 700,000 by 2023. He informed the participants that to achieve these objectives, banks have been given targets at national and provincial levels. He stressed upon banks and SME associations to create regional and national level awareness campaigns.
