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## ***I. Introduction***

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### **Background**

Banking sector plays a pivotal role in the economic development of a country. State Bank being the apex bank and the regulator of banking system is deemed to compile and disseminate the statistics on scheduled banks operating in Pakistan.

Statistics & DWH Department of the State Bank is responsible to collect and compile the scheduled banks' statistics. The compiled data are disseminated in the form of publication for the users. Keeping pace with the increased use of electronic media the data are also placed on the State Bank's website ([www.sbp.org.pk](http://www.sbp.org.pk)). This publication is based on the revised reporting system effective from June 1982. It was based on quarterly reporting of the banks that was subsequently changed to biannual from December 1992. The Department makes every endeavor to provide the banking statistics of international standards to the users and stakeholders.

### **Standards and classifications**

Effective from December, 2001, the category of deposit holders and advances classified by borrower for domestic constituents have been reclassified as Government, Non-Financial Public Sector Enterprises, Non-Bank Financial Institutions, Private Sector Business, Trust Funds & Non-Profit Organization, Personal, and Others.

Major changes are carried out in the classification of banking sector attributes. The classification of economic groups under private sector has been enhanced in light of the International Standard Industrial Classification (ISIC) – Rev.3.1 of the United Nations Statistics Division.

### **Composition of banking groups**

All the scheduled banks operating in Pakistan are classified into three main groups for presentation of statistical data viz. public sector banks, domestic private banks, and foreign banks. The public sector banks are further divided into public sector commercial banks and specialized banks.

#### *Scheduled Banks*

In terms of Section 37(2) of the State Bank of Pakistan Act – 1956, banks operating in Pakistan with capital and reserve of an aggregate value not less than Rs.1 billion (Rs. 1.5 billion by 31<sup>st</sup> December 2004, Rs. 2 billion by 31<sup>st</sup> December 2005, Rs. 3 billion by 31<sup>st</sup> December 2006, Rs. 4 billion by 31<sup>st</sup> December 2007 & (Rs. 5 billion by 31<sup>st</sup> December 2008) and conducting their affairs in a manner not detrimental to the interest of their depositors have been declared as scheduled banks.

#### *Public sector banks*

The banks incorporated in Pakistan of shares/capital controlled by the

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government units are referred to Public sector banks (Appendix II).

#### *Commercial banks*

These are the scheduled banks in Pakistan who are mainly involved in the activities of deposits mobilization through a branch network; extending credit, mostly concentrated in short term collateralized lending such as trade financing and overdraft, together with a range of financial services provided to the clients.

With the liberalization of banking rules and laws, commercial banks are now increasingly being allowed to undertake related activities short of investment banking or underwriting, portfolio investment, securities market operations, specialized financing, and related services

#### *Specialized banks*

Specialized banks are development finance institutions established to provide credit facilities, assistance, and advice to clients in a designated sector or in a designated line of credit; for example, agriculture sector, industrial sector, housing sector, SME sector, etc.

These institutions perform lending function, but may not engage in routine commercial banking activities; are established, organized, and chartered under special legislative acts instead of being chartered as a bank under the banking law.

#### *Domestic private banks*

The banks incorporated in Pakistan and controlled by the private sector are termed as domestic private banks.

#### *Foreign banks*

The branches of banks incorporated abroad are termed as foreign banks.

#### *Islamic banks, subsidiaries, and Stand-alone branches of existing commercial banks*

#### *Islamic banking*

For the promotion of Islamic Banking in the country SBP issued policies as per BPD circular No.1 of January 2003. Wherein a three-pronged strategy was adopted as under:

- I. Establishment of full-fledged Islamic Bank(s) in the private sector
- II. Setting up subsidiaries for Islamic banking by existing commercial banks
- III. Allowing Stand-alone branches for Islamic banking in the existing commercial banks

All Islamic banks, subsidiaries, and stand-alone branches offer the Sharia compliant products and services only.

'Sharia compliant products and services' means banking product and services offered by banks to their clients duly approved by their Sharia advisers/ Sharia Supervisory Committee.

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**Scope**

This publication contains statistical tables that have been prepared from the half-yearly data supplied by the operating branches of the scheduled banks in Pakistan.

The publication has been revised from December 2003 in light of the feedback received from the internal and external stakeholders and as a result some changes have been made in it.

The “Review” in the beginning of the publication has been expanded by including summary tables on major statistics related to scheduled banks. The main variables are discussed in details aided by suitable graphs for ease of the

readers. Some of the other major changes include:-

- i. Key Statistics of Scheduled Banks at a Glance
- ii. Distribution of Deposits, Advances, Bills Purchased & Discounted and Investments of Scheduled Banks by Group
- iii. Distribution of Type of Deposits of Scheduled Banks by Group
- iv. Maturity Breakup of Term Deposits of Scheduled Banks by Group
- v. Advances Classified by Securities & Borrower
- vi. Advances by Modes of Financing