

## **DETAILS OF THE DIVISIONS**

### **SME Division**

The SME Division is the focal point of all SME related issues, programs and projects in SBP (BSC) HOK. The Division coordinate with the DFSD Divisions/Units in field offices and develop and maintain a consolidated database of financing to SMEs in the country with regional as well as bank-wise break-ups; the banking industry's overall capacity to effectively cater to the financial services needs of the SME sector and the key issues/challenges/impediments in increasing the flow of funds to the sector. It also develop/acquire detailed understanding of best practices in SME financing for dissemination amongst the divisions/units in the field offices. Specifically the Division undertake following functions:

- To coordinate with SMEs Department of SBP and Banks' SME Divisions to get annual targets and plans to expand the SME portfolio with region/district or branch-wise break-ups; (the banks to be required to give the annual plan duly approved by CEO/Board for increasing SME portfolio as well as the bank's capacity (branch network, systems and HR) in SME financing);
- To communicate the regional/branch wise targets and plans to the respective field office unit along with the monitoring and reporting mechanism;
- To collect periodical data/info on SME financing from Data ware house, SMED, OSED etc for forwarding the same to field units as well as maintaining for DFSD, HOK;
- To prepare periodical reviews and working papers on growth and expansion of financing to SMEs and key issues/impediments faced by the sector. Also to contribute in preparation of annual development finance review to be prepared by the department on regular basis;
- To develop and maintain regional/district wise profiles on SMEs with information on No. of SMEs (if available), total asset base/investment, total No. of employees, avg. size (in terms of No. of employees and the asset base), key/major SME sub-sectors in the region/district, business volumes (in terms of estimated sales and profits), exports if any, linkages with Large Scale Industry and corporate sector, infrastructure condition/position (road network, electricity etc), key issues/impediments faced by the sector in the region, SMEs associations, trade bodies operating in the region along with their contact details;
- To maintain close liaison and coordination with SME Finance Department for detailed understanding of SBP approach and policies for increasing flow of funds to SMEs and ensure their adequate dissemination to the field units;
- To develop understanding of best practices in retailing SME finance and disseminate the same to the field units;
- To develop training and development programs for the field units in SME financing;

- To develop/design/coordinate training and capacity building programs for banks in consultation with SME Finance Department, the programs to focus on retail capacity of banks and could be financed from different TAs/grants for improving access to finance;
- To facilitate the field units in a) designing and arranging field visit/information dissemination programs/ workshops/seminars for SMEs b) developing linkages with SMEs associations, chambers of commerce, trade bodies for consultation and feedback on SME financing policies, issues, impediments etc. c) developing linkages with educational and research institutions for conducting surveys, empirical studies etc on burning questions regarding growth and impact of SME financing and d) in developing/facilitating linkages between banks/MFBs and vocational training institutes for imparting trainings to SMEs' employees on cost sharing basis.

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## **Microfinance Division**

The Microfinance Division is the focal point of all microfinance related activities, programs and projects in SBP (BSC) HOK. The Division coordinate with the DFSD Divisions/Units in field offices and develop and maintain a consolidated database of financing to micro-enterprises/low income individuals and low cost housing in the country with regional as well as MFBs/bank-wise break-ups; the MFBs' overall capacity to effectively cater to the financial services needs of the sector and the key issues/challenges/impediments in increasing the flow of funds to the sector. It also develop/acquire detailed understanding of best practices in microfinance with particular focus on retailing microfinance, for dissemination amongst the divisions/units in the field offices. Specifically the Division undertake following functions:

- To coordinate with Microfinance Department of SBP and MFBs/NGO-MFIs to get annual targets and plans to expand the MF portfolio with region/district and/or branch-wise break-ups; (the MFBs/banks to be required to give the annual plan duly approved by CEO/Board for increasing MF portfolio as well as the MFB/bank's capacity (branch network, systems and HR) to achieve the desired/targeted expansion in MF portfolio;
- To communicate the regional/branch wise targets and plans to the respective field office unit along with the monitoring and reporting mechanism;
- To collect region/district wise periodical microfinance data from PMN/Data ware house/MFD/OSED for reviewing regional trends, transmission to field units; (no extra reporting burden/cost to be imposed on MFBs/banks; rather banks' internal reporting system should be used to capture the regional/district wise data);
- To prepare periodical reviews and working papers on growth and expansion of microfinance and key issues/impediments faced by the sector. Also to contribute in the half yearly development finance review to be prepared by the department on regular basis;
- To develop and maintain region/district wise Microfinance profiles with information on potential MF client base (total number of Micro enterprises, low income individuals/households etc), the demographic

data, the No. of MFBs/banks and their branches operating in the region, the number of NGOs and NGO-MFIs having presence in the region along with their key objectives, interventions, membership/client base and contact details, the number of community/women/village organizations formed by MFBs/banks/NGOs for the purpose of extending microfinance and other facilities (only the COs etc that are operative), the number of depositors & borrowers of MFBs, the size of MF portfolio, the nature and types of businesses for which microfinance facilities could be extended, the potential for development of low cost housing and financing thereof by MFBs/banks, the infrastructure condition/position (road network, electricity etc), the small scale industry (SSI) operating in the region and their associations, if any, the provincial SSI development bodies/departments and their key interventions, the key issues/impediments faced by the sector etc.

- To maintain close liaison and coordination with Microfinance Department for detailed understanding of SBP approach and policies for increasing flow of funds to microenterprises and low income individuals and ensure their adequate dissemination to the field units;
- To develop understanding of best practices in retailing microfinance and disseminate the same to the field units;
- To develop training and development programs for the field units in microfinance;
- To develop/design/coordinate training and capacity building programs for MFBs/banks in consultation with DFG/MFD, the programs to focus on retail capacity of MFBs/banks and could be financed from different TAs/grants for improving access to finance;
- To facilitate the field units in a) designing and arranging field visit/information dissemination programs/workshops/seminars for microfinance clientele, b) developing linkages with SSI associations, NGOs and NGO-MFIs, government departments dealing with microfinance and poverty alleviation for consultation and feedback on microfinance policies, issues, impediments etc. c) developing linkages with educational and research institutions for conducting surveys, empirical studies etc on burning questions regarding growth and impact of microfinance and d) in developing/facilitating linkages between banks/MFBs and vocational training institutes for imparting trainings to micro-enterprises and potential microfinance clients borrowers on cost sharing basis.

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## **Rural Finance Division**

The Rural Finance Division is the focal point of all rural finance related issues, programs and projects in SBP (BSC) HOK. The Division coordinate with the DFSD Divisions/Units in field offices and develop and maintain a consolidated database of financing to agriculture/rural areas in the country with regional as well as bank-wise break-ups; the banking industry's overall capacity to effectively cater to the financial services needs of the rural/farming community and the key issues/challenges/impediments in increasing the flow of funds to the sector. It also develop/acquire a detailed understanding of best practices in rural financing for dissemination amongst the divisions/units in the field offices. Specifically the Division undertake following functions:

- To coordinate with Agriculture/Rural Credit Department (ACD) of SBP and Banks' Rural Finance Divisions to get annual targets and plans to expand the rural finance portfolio with region/district or branch-wise break-ups; (the banks to be required to give annual plan duly approved by CEO/Board for increasing rural finance portfolio as well as the bank's capacity (branch network, systems and HR) in rural finance);
- To communicate the regional/branch wise targets and plans to the respective field office unit along with the monitoring and reporting mechanism;
- To collect periodical agri-credit data for onward transmission to field units to enable them to monitor the agri-credit trends in the respective region;
- To prepare periodical reviews and working papers on growth and expansion of financing to rural/ agricultural communities and key issues/impediments faced by the sector. Also to contribute in the half yearly development finance review to be prepared by the department on regular basis;
- To develop and maintain regional/district wise profiles on agriculture crops and rural enterprises with information on total number of villages, union councils, towns, districts etc in the region, demographic data of the region, the total cultivable area and the area under cultivation, the major and minor crops of the region/district, avg. size of crops (produce weight/volume etc) in the area/region, total number of livestock in the region with break-up of buffalos, cows, goat/sheep etc, No. of farmers/farming households with break-ups in subsistence, economic and above economic holding land ownership, No. of farmers having bank accounts, No. of farmers availing credit from banks for crops, livestock and other non-farm activities, infrastructure condition/position (farm to market road network, electricity, water resources, research & extension department network, veterinary hospitals, access to quality seeds and other inputs etc), key issues/impediments faced by the sector in the region, farmers' associations, chambers of agriculture, market committees operating in the region along with their contact details;
- To maintain close liaison and coordination with Agricultural Credit Department for detailed understanding of SBP approach and policies for increasing flow of funds to agricultural/rural communities and ensure their adequate dissemination to the field units;
- To develop understanding of best practices in retailing rural finance and disseminate the same to the field units;
- To develop training and development programs for the field units in rural financing;
- To develop/design/coordinate training and capacity building programs for banks in consultation with ACD; the programs to focus on retail capacity of banks and could be financed from different TAs/grants for improving access to finance;
- To facilitate the field units in a) designing and arranging field visit/information dissemination programs/workshops/seminars/farmers' meetings for agricultural/rural communities, b) developing linkages with farmers' associations, chambers of agriculture, market committees, artees for consultation and feedback on rural financing policies, issues, impediments etc. c) developing linkages with educational and research institutions for conducting surveys, empirical studies etc on burning questions regarding growth

and impact of rural financing and d) in developing linkages with provincial agricultural departments, revenue departments and research & extension departments to explore synergies between their information dissemination programs and the SBP promotional campaign for rural finance.

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## **DFSD Field Units**

- The DFSD Field Units have been established in 13 Field Offices of SBP (BSC) out of Karachi;
- Each office has been assigned a geographic area comprising various districts primarily based on the geographical proximity of the office with the district;
- The units will be staffed with suitably qualified and self motivated officers/staff preferably from the same field office.
- *The CMs shall be primarily responsible for effective and efficient operations of the field units and shall ensure that all development finance activities, functions and projects as advised by DFSD are undertaken and completed within the agreed/stipulated time;*
- The officers/staff will be provided training both on and off the job in development finance.

### **Key Functions**

#### **I. Monitoring of banks to:**

- a. assess progress towards disbursement and portfolio build-up targets in the region under the field office jurisdiction (as agreed at HO level and broken down at regional/branch level);
- b. assess progress on banks' plans to enhance their development finance related capacity (as agreed at HO level and broken down at regional/branch level) and
- c. assess compliance with SBP development finance policies.

#### **II. Developing and maintaining an updated consolidated database of banks dealing in SME, Micro and Rural Finance in the region (field office jurisdiction) with following details;**

Total banks in the region, Total No. of branches in the region, No. of branches dealing in SME, Micro and Rural Finance, the No. of borrowers of SME, Micro and Rural Finance, total development finance portfolio (with SME, Micro and Rural finance break-ups), avg. loan size for each sector;

#### **III. Developing and maintaining Bank/MFB Profiles operating in the region with information on- Bank Name, Total No. of branches in the region, No. of branches dealing in SME, Micro and Rural Finance, the No. of development finance borrowers with SME, Micro and Rural Finance break-ups, avg. loan size for each sector, total development finance portfolio (with SME, Micro and Rural finance break-ups), the contact details of regional chiefs, SME, Micro and Rural Finance heads/key persons in the region, No. of officers/staff engaged directly with development finance along with their qualification and experience, the**

nature and type of SME, Micro and Rural Finance products offered, the products marketing and sales strategies/systems, the loan appraisal systems (credit scoring, quantitative and qualitative assessment by the loan officer etc), the disbursement mechanism (particularly for micro-credit and rural credit), the loans monitoring systems, the recovery mechanism, the loan classification systems, the bank's internal reporting mechanism for development finance etc.

- IV. Developing and maintaining database of NGO-MFIs and NGOs operating in the region with comprehensive information about their objectives, functions and capacity along with address and key person (s) contact details etc.
- V. Developing and maintaining database of public and private technical and vocational institutes operating in the region with complete details about the trainings they offer, their repute in the market and their overall capacity, this would enable us to link the reputed institutes with banks, MFBs, NGO-MFIs and NGOs to impart vocational trainings to the prospective borrowers/clients of banks/MFBs/NGOs on cost sharing basis.
- VI. Developing linkages with SMEDA, provincial and district governments, agricultural research and extension departments to explore synergies between their poverty alleviation and information dissemination programs and the department's goal for increasing outreach of financial services in unbanked/under-banked areas/sectors;
- VII. Developing linkages and continuous coordination with chambers of commerce, agriculture, Small Scale Industry/SME associations, MSEs' associations (if any), market committees, farming communities to have grassroots level understanding of key issues, challenges and impediments in development and growth of financing to these sectors and thus develop policy recommendations for consideration of DFSD/DFG;
- VIII. Developing linkages with universities and colleges in the region to initiate development finance courses/specializations/majors to cater to the growing demand for development finance;
- IX. Developing linkages with educational and research institutes to conduct surveys, research, empirical studies on key and burning issues/questions of development finance. (the surveys and studies etc would be designed by DFSD and implemented/conducted by the units or outsourced to universities/research institutes as advised by DFSD);
- X. To organize programs/field visits/workshops/seminars to create awareness amongst the target population viz. the SMEs, MEs and farming community about financial services being offered by banks and financial institutions;

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