Chapter 2	Consolidation of the Financial Sector	23
2.1	Measures to Facilitate Mergers and Acquisitions by the SBP	36
2.2	Motives of Consolidation	38
Chapter 3	Need for Financial Diversification: Development of a Debt Market in Pakistan	47
3.1	Global Financial Assets	47
Chapter 4	Trends in Financial Savings	53
4.1	Probable Factors responsible for low saving rate	57
4.2	Characteristics of Voluntary Pension System	60
Chapter 6	Stability of the Banking System	71
6.1	Methodology of Financial Soundness Index	78
Chapter 7	Financial Markets	85
7.1	Flattening of Yield Curve	88
7.2	Foreign Exchange Market Pressure Index	96
7.3	Amendments in Existing CFS Mechanism	102
Chapter 8	Performance and Risk Review of the Non-Bank Finance Sector	109
8.1	Legal and Regulatory Framework for NBFIs	111
8.2	Development Finance Institutions	116
8.3	A Case for Rural Lease Finance	123
8.4	Mutual Funds Offered During FY06	128
8.5	Impediments to Growth of Venture Capital Industry in Pakistan	132
8.6	Conditions on International Investments of Mutual Funds	133
8.7	Challenges for the Mutual Funds Sector	134
Chapter 9	Islamic Financial Services	139
9.1	Nature of Contracts in Islamic Financial intermediation	139
Chapter 10	Risk Analysis of the Insurance Sector	147
10.1	The Emerging Markets Phenomenon in the Insurance Industry	148
10.2	Regulatory Developments	153
10.3	Banacassurance in Pakistan	154
10.4	Unit-Linked Insurance Products	156
Chapter 11	Performance of Microfinance Sector	163
11.1	Microfinance Institutions	163
11.2	Guidelines for Commercial Banks to Start Microfinance Business	164