

Chapter 1:	Efficiency of Financial Intermediation – An Analysis of Banking Spreads	23
1.1	Banking Spreads in Pakistan	24
1.2	Cross Country Comparison of Banking Spreads	27
1.3	Results of Fixed Effect Panel Regression	28
1.4	Distribution of Deposits by Types of Accounts	32
1.5	Distribution of Deposits by Size	32
1.6	Return on Bank Deposits	33
Chapter 2:	Consolidation of the Financial Sector	36
2.1	M&As in the Banking Sector	37
2.2	Number of Banks	38
2.3	Effect of M&A on Cost and Profit Efficiency	40
2.4	Interdependence Among Financial Institutions	42
2.5	Indicators of Inter-Bank Exposures	43
2.6	Impact of Financial Sector Consolidation on Monetary Transmission Mechanism	43
2.7	Optimal No. of Institutions for OMOs	44
Chapter 3:	Need For Financial Diversification: Development Of A Debt Market In Pakistan	47
3.1	Structure of the financial systems in the Asian countries	48
Chapter 4:	Trends in Financial Savings	53
4.1	Trends and Structure of Financial Savings	56
Chapter 5:	Issues in Sectoral Allocation of Credit	63
5.1	Growth in lending to various sectors	64
5.2	Shares in Private Sector Credit and GDP (FY07)	64
5.3	Share in Private Sector Credit (FY07)	64
5.4	Disbursement of Agriculture Production and Development Loans	65
5.5	Credit to SMEs Sector (FY07)	66
Chapter 6:	Stability of the Banking System	71
6.1	Sectoral Diversification of Loans	72
6.2	Distribution of Loans by Securities Pledged	73
6.3	Distribution of Loans by Size	73
6.4	Return on Assets	76
6.5	Results of Stress Tests for Commercial Banks in Pakistan	79
6.6	Outstanding Derivative Transactions	82
Chapter 7:	Financial Markets	85
7.1	Net outflows through OMO and Auction (FY07)	86
7.2	OMOs and Volatility in Overnight rates	86
7.3	Trading Volumes	89
7.4	Volatility in interest rates (percent)	89
7.5	Tenor-wise OMO	90
7.6	Treasury bill -- Auction Summary	92
7.7	Pakistan Investment Bond -- Auction Performance	92
7.8	Reserve Adequacy Ratios	95
7.9	Performance of Karachi Stock Exchange	98
Chapter 8:	Performance and Risk Review of the Non-Bank Finance Sector	109
8.1	Minimum Capital Requirements for NBFIs	111

8.2	Mergers in the NBFC and Modaraba Sectors from CY02 to CY06	113
8.3	Composition of the Non-Bank Financial Sector	114
8.4	Assets of NBFIs	115
8.5	Key Performance Indicators of NBFIs (excluding Mutual Funds and Venture Capital)	117
8.6	Key Performance Indicators of Existing Investment Finance Companies	118
8.7	Equity of Leasing Companies	121
8.8	Key Performance Indicators of Existing Leasing Companies	122
8.9	Aggregate Performance Indicators of HBFC and NBFCs providing Housing Finance	125
8.10	Worldwide Net Assets of Mutual Funds	131
8.11	Structure of Mutual Funds	132
8.12	Key Performance Indicators of Existing Modarabas	136
Chapter 9:	Islamic Financial Services	139
9.1	Islamic Banking Branches	140
9.2	Asset and Liability structure of Islamic Banks	141
9.3	Investment in WAPDA Sukuks	142
9.4	Financing Products by IBS	142
9.5	Sector wise break up of Financing (Before Provision)	143
9.6	Performance indicator of IBs	143
9.7	Performance of Islamic NBFIs(percent)	143
9.8	Sukuk Issuances in Pakistan	144
Chapter 10:	Risk Analysis of the Insurance Sector	147
10.1	Real Premiums Growth Rate in CY06 (percent)	147
10.2	Asset Structure of the Insurance and Reinsurance Industry	149
10.3	Share in Non-Life Insurance Sector (percent)	151
10.4	Financial Soundness Indicators for Non Life Insurance Sector	152
10.5	Minimum Paid up Capital Requirement	153
10.6	Classification of Individual Life Insurance Claims	157
10.7	Classification of Group Life Insurance Claims	158
10.8	Financial Soundness Indicators for Life Insurance Sector	158
10.9	Reinsurance Business in Pakistan	160
Chapter 11:	Performance of Microfinance Sector	163
11.1	Outreach of Microfinance Institutions	165
11.2	Outreach of Microfinance Banks	166
11.3	Gender-wise Distribution of Loans	168
11.4	Asset Quality Indicators of the MFBs	169
Chapter 12	Payment and Settlement System	171
12.1	Quarterly Trends in Electronic Transactions	172
12.2	Quarterly Trends in Value of Electronic Transactions	172