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State Bank of Pakistan Governor Addresses 11th Pakistan Banking Awards

Governor State Bank of Pakistan (SBP) has urged banks to reorient their business models towards stronger retail deposit mobilization and greater private-sector financing, emphasizing that the banking sector has a critical role to play in supporting Pakistan's next phase of sustainable economic growth.

Addressing the 11th Pakistan Banking Awards 2026 in Karachi, the Governor said Pakistan's economy had demonstrated resilience despite a challenging FY26 marked by domestic and external shocks, including severe floods, geopolitical tensions and an uncertain global trade environment. He noted that inflation averaged close to the medium-term target range, inflation expectations remained broadly anchored, and the current account deficit stayed close to the lower bound of the projected range. Foreign exchange reserves also continued their upward trajectory, comfortably exceeding the end-June target of $18 billion, with the quality of reserve accumulation improving as the increase was driven mainly by SBP's foreign exchange purchases rather than debt-driven accumulation.

The Governor emphasized that while policymakers had achieved the difficult task of stabilizing the economy, stabilization alone was not sufficient to put Pakistan on a path of high and sustainable growth. He said the banking sector had a particularly important role to play in this next phase. Highlighting the resilience of the banking industry, the Governor noted that banks' total assets had reached Rs 69 trillion, while deposits stood at Rs 43 trillion at end-June 2026. Profitability remained strong and banks' Capital Adequacy Ratio continued to remain comfortably above both international benchmarks and domestic regulatory requirements.

At the same time, he pointed to significant opportunities for strengthening financial intermediation. Despite substantial growth, banking-sector assets and deposits remain relatively low as a share of GDP compared with other emerging markets, while Pakistan's currency-to-deposit ratio remains elevated. The Governor said there was considerable room to further reduce reliance on cash and strengthen the deposit base. He encouraged banks to compete more actively for retail deposits, including offering attractive returns alongside quality services. A stronger culture of retail deposit mobilization, he said, would broaden financial inclusion while providing banks with a more diversified and stable funding base.

Governor also called for greater private-sector credit, noting that credit penetration in Pakistan remains well below that of emerging-market peers and that the ratio of bank credit to the private sector relative to GDP has declined significantly over the past three decades. He said the government's budgetary financing needs were not the only explanation for this trend, as several emerging economies with higher government domestic debt have significantly higher private-sector credit-to-GDP ratios. He therefore encouraged banks to reorient their business models towards mobilizing higher deposits and providing greater financing to the private sector.

The 11th edition of Pakistan Banking Awards ceremony was organized by NIBAF Pakistan in collaboration with Dawn Media Group and A. F. Ferguson & Co. Governor SBP commended the organizers for holding the 11th edition of these awards which is a testament to the enduring partnership for recognizing and celebrating the institutions that are helping shape the future of banking in our country.

The details of the awards are as follows: Meezan Bank Limited received the award for the Best Bank. In addition to the top honor, awards were presented across several key categories, including Best Bank for Women Inclusion to Bank of Punjab; Best Microfinance Bank to ASA Microfinance Bank Limited; Best Bank for Small and Medium Enterprises to Bank of Punjab; Best Bank for Agriculture Inclusion to Bank of Punjab; Best Bank for Digital Excellence to Bank Alfalah Limited; Best Bank for Customer Engagement to Meezan Bank Limited; Best Mid-Sized Bank to Askari Bank Limited & Faysal Bank Limited; Best Bank for ESG to HBL; and Best Contribution by Non-Bank Entity to Pakistan Microfinance Investment Company Limited.

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