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Decisive, evidence-based policies key to lasting economic stability: Governor SBP

Governor State Bank of Pakistan (SBP) Mr. Jameel Ahmad addresses the annual convocation ceremony of the Institute of Cost and Management Accountants of Pakistan (ICMA Pakistan). In his speech to the next generation of accounting and finance professionals, the Governor detailed Pakistan's remarkable macroeconomic recovery since 2022, emphasizing that the country's economic fundamentals have significantly improved despite severe global and regional shocks. While encouraging the graduating students, he said I am also confident that you will utilize the skills and knowledge that you gained during your rigorous studies, and that your dedication, hard work, and commitment to excellence will help shape the future economic landscape of Pakistan."

In his address, the Governor noted that though challenges still abound, we have come a long way since 2022. Despite the significant supply shocks, we have managed to contain the impact on the domestic economy. Inflation remained close to our target range in FY26. While it has gone up since then, it is projected to gradually ease towards the target range, supported by prudent monetary tightening. The external account remains stable, with the current account deficit expected to remain within 0 to 1 percent of GDP. Real GDP growth is also recovering gradually, from a contraction in FY23 to 3.7 percent in FY26; and we expect it to rise further in the ongoing fiscal year. These improvements in economic fundamentals and the growing resilience in the economy are being recognized by international credit rating agencies, our multilateral partners, as well as foreign investors.

Reflecting on the adjustments made during FY22 and FY23, the Governor emphasised that timely, decisive action, fiscal discipline and forward-looking, evidence-based policymaking had helped strengthen Pakistan's economic resilience. He noted that raising the policy rate and maintaining it for almost a year, alongside temporary measures to manage non-debt foreign exchange outflows, had been necessary to restore macroeconomic stability and avert a deeper external financing and debt crisis. He stressed that lasting economic progress could not be achieved through short-term fixes at the expense of long-term stability.

The Governor added that maintaining a positive forward-looking real policy rate had helped bring inflation down from over 30 percent to within the medium-term target range. Meanwhile, risk-based supervision had strengthened the proactive identification of financial stability risks, with financial sector adequacy and performance indicators improving despite the period of elevated policy rates. Addressing the graduates directly, the Governor said, "when faced with such decision, let evidence guide your judgment, let professional ethics define your conduct, and let a long-term commitment to Pakistan's sustainable and inclusive development inform your action."

While concluding his address, the Governor underscored the accounting and finance profession's vital role in strengthening institutions, promoting accountability and ensuring informed decision-making. He highlighted its contribution to sound governance, responsible use of public resources and productive investment. He congratulated the graduates and wished them success in their future endeavours.
