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SBP GOVERNOR STRESSES THE NEED FOR BUILDING SUSTAINABLE FINANCIAL SYSTEMS FOR THE POOR.

The State Bank Governor, Dr. Shamshad Akhtar has emphasized that building sustainable financial services systems for poor is of critical interest and requires laying foundation for potentially profitable market and enterprises that can develop ways to reduce the costs and risks of serving them.

In her keynote address at a seminar on 'Improving Access to Financial Services: Mobile Money Transfer and Beyond' which was jointly organized by the SBP and ADB in Karachi today, Dr. Shamshad Akhtar said: 'Both SBP and banking industry are working towards exploring options on how to reach financial services to un-banked segments of population and will be able to draw from lessons and experience of the region'.

She said that while encouraging e-banking and e-commerce, SBP is now working closely with the banking industry to explore options for adoption of new technologies to reach under-banked areas with the objective of enhancing access of rural, agriculture and microfinance credit and to attract international remittances. In this respect, strategic alliances with overseas partners with special focus on technological compatibility are encouraged by SBP.

Dr Shamshad Akhtar highlighted the importance of sharing regional experiences of strategic approaches, options and innovative connectivity models for rural and under-served areas. She noted that developments in the financial industry and technology have been mutually reinforcing with developments in data base management systems along with networking has encouraged virtual and electronic banking and commerce thereby facilitating an explosion of financial innovations. Additionally, the banking industry has exploited different technologies to deliver financial services with the proliferation of automated teller machine (ATM) and point-of-sale (POS) network and devices. The use of a mobile phone to conduct payment and banking transactions (m-banking) is at an early stage in a number of developing countries and is growing as mobile phone service providers are penetrating in developing markets and setting up the infrastructure. For improved coverage of mobile banking applications there is need to develop proper sector regulation, effective institutional and commission arrangement sharing amongst retailers, clients and outlets that accept and sell cash and commission and to launch an aggressive marketing campaign that is geared for all types of users and service providers.

In his opening remarks, Dr. Peter Fedon, Country Director, ADB's Pakistan Resident Mission stated that modern technology solutions hold much promise for increasing access to efficient and sustainable financial services and reaching clients in remote or under-served areas for continued economic growth. Mr. Fedon stressed the importance of bringing in innovation and applying new technologies for improving operational efficiencies, and reducing transaction costs associated with delivery for

financial services, such as worker remittances. Additionally, infrastructure that supports delivery of financial services provides a channel for multiple other services such as education that can further bolster development and entrepreneurship in rural and remote areas.

Speaking on experience of Philippines in using technology for greater financial services outreach, Mr. Jose G. Vega of Globe Telecom explained about the G-Cash product and its social and economic impact on mobile money transfer to more than 10 million Filipino migrant workers all over the world and improved access of the un-banked population to microfinance services in Philippines. Mr. Allen Hammond of the World Resources Institute (WRI) discussed emerging technology models including (i) mobile wireless (cellular) networks; (ii) fixed wireless technology (WiFi, WiMax); and (iii) a new generation of satellite networks (VSAT) designed for data transmission. In this respect, he demonstrated on how applications for financial services, agricultural services, and health services can be addressed using VSAT technology as done in a pilot project in rural Viet Nam. ADB's John Forbes highlighted some of the key issues and challenges involved in the convergence of telecom and financial services and its effects on Anti-Money Laundering/Wire Remittance Operations, and Know Your Customer (KYC) standards. In addition, legal and regulatory challenges were discussed and areas for international cooperation were identified. Ms. Mehr Shah of Pakistan Microfinance Network provided an overview of the current state of the microfinance sector in Pakistan, issues, and opportunities, and challenges it faces with respect to technology integration in its operations.

While concluding the seminar, Mr. Azhar Kureshi, Advisor to Governor on Development Finance highlighted the importance of pragmatic analysis of technological innovations for the financial sector. He further apprised the participants about the efforts being made by SBP in connection with improving access to the financial sector, especially in the context of remittances of overseas workers. At the end, he thanked the speakers and participants for their valuable time and contributions to the seminar.

It may be pointed out that this seminar was jointly organized by the State Bank and the Asian Development Bank as a part of regional information exchange and sharing of experiences in areas of mobile money transfer, emerging technology models and strategic options for getting connectivity into rural areas.

The seminar was attended by senior representatives from SBP, major commercial banks, micro-finance banks and institutions, exchange companies, government departments, non-governmental organizations and major donors.
