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**MICROFINANCE OPERATIONS SUSTAINABLE**  
**WITHOUT SUBSIDIES: PROF. YUNUS**

Microfinance operations can be run on sustainable basis without subsidies. This was stated by Nobel Peace Prize Laureate, Prof. Muhammad Yunus, in an interactive seminar held at State Bank of Pakistan today.

Prof. Yunus, who is the Managing Director of Grameen Bank, said that the provision of financial services to the poor is doable as has been demonstrated by Grameen Bank serving 7 million poor customers on sustainable basis. This requires determination, imagination and hard work, he added.

Prof. Yunus shared Grameen Bank's success story, the obstacles and constraints faced, and the current outreach and sustainability numbers. He pointed out that a commercial enterprise works on the principle of maximizing profits, while a social business enterprise exists to serve a cause on the basis of cost coverage, reasonable rate of return and retention of profits.

In order to provide financial services to the poor, enabling them to participate and exploit economic opportunities, Prof. Yunus said that microfinance may be viewed as a social business enterprise that serves a cause, covers the costs and also earns a reasonable rate of return.

He said that in order to give necessary boost to the microfinance sector, the commercial banks with their vast network, stable funding sources and handsome profits may start microfinance subsidiaries and branches on social business enterprise principle.

Prof. Yunus also offered services of Grameen Bank on "Build, Operate and Transfer" (BOT) basis, whereby Grameen Bank can establish model branches, systems, procedures and make the business up and running before handing over to the initiating bank.

Earlier, in his welcome address, the Deputy Governor, State Bank of Pakistan, Mr. Mansur-ur-Rehman Khan said that the State Bank was playing a pro-active role in setting up, nurturing and promoting microfinance institutions (MFIs). The microfinance sector is the largest sector in Pakistan in terms of potential clientele base comprising more than 25 to 30 million poor people, he added. Nevertheless, he pointed out that the microfinance market in Pakistan is underdeveloped having less than 4% outreach, narrow institutional base and limited retail capacity due to Pakistan's late entry in the microfinance sector.

"With the collaboration of microfinance stakeholders, we have developed a National Strategy for Microfinance," he added. Mr. Mansur said that the number of microfinance borrowers is likely to reach three million from existing one million within next 2-3 years.

Mr. Azhar Iqbal Kureshi, Executive Director, Development Finance, SBP presented the vote of thanks while Mr. Zulfikar Khokhar, Joint Director SMEs and Microfinance Department, SBP presented an overview of microfinance sector in Pakistan.

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