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## **SBP Governor stresses the need for development of capital markets**

Syed Salim Raza, Governor, State Bank of Pakistan has stressed the need for the development of capital markets, especially the bond and money markets in the country.

Addressing a luncheon meeting of the INSEAD Alumni Association of Pakistan at a local club in Karachi, he said the risks caused by slowdown in globalization can effectively be overcome by promoting national interests. 'The Emerging Markets (EMs) will need to look at developing their own internal and regional markets,' Mr Raza added.

"Pakistan with others EMs could look at ways to galvanized intra-regional trade on a financial next settlement basis to reduce money caught up in the chamber of trade – the Chiang Mai initiative is an example of a significance start to promoting inter – regional trade liquidity," the Governor added.

In view of the current global economic crisis, the SBP Governor said: "we have been less affected than most of the EMs as our banks are squarely domestically based for asset and liabilities and well-capitalized. Our exports were limited to 13% of GNP as against well over 30% for most of the larger Asian economies while our imports will come down from 40 to 32% from both price and volume effects."

He observed that with inflation coming under control and a huge domestic market, we could very usefully produce more for the domestic economy and take the opportunity to develop domestic commerce and domestic brands.

The SBP Governor also spoke about the changes in economic ideology over the years and drew on examples from Europe, Asia and the United States of America. He also spoke at length about Banking spreads, SME development and remittances in response to questions raised by the alumni present at the lunch.

It may be pointed out INSEAD is one of the world's leading and largest business schools with campuses in Europe (Fontainebleau) and Asia (Singapore) and two centres in the Middle East. Over 1,000 MBA and PhD candidates and over 9,500 executive education candidates attend its courses during an academic year. Set up in 1957, it has today over 38,000 alumni in 150 countries around the world. The Pakistan chapter was set up in 2008 by its Founder President Ms Sadia Khan.

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