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## SBP, Govt. aim to bring level of poverty to single digit by 2015: Deputy Governor

Mr. Yaseen Anwar, Deputy Governor State Bank of Pakistan has said that the SBP and the Federal Government have been actively promoting financial inclusion to help achieve the target of reducing the level of poverty to a single digit by 2015.

Delivering a keynote address at the launch of World Bank's Study on Access to Finance for the Underserved and Small Enterprises at a local hotel in Karachi today, Mr. Anwar said the financial inclusion is the core component of State Bank's financial sector development strategy which envisages transforming the financial market into an equitable system with efficient market-based financial services to the otherwise excluded poor and marginalized population including women and young people.

He said the State Bank of Pakistan has taken a number of measures to actively promote financial inclusion and these efforts have also been recognized by the World Bank's Consultative Group to Assist the Poor (CGAP). The Consultative Group said that the State Bank has one of the most conducive policy and regulatory frameworks which encourage access to financial services.

SBP Deputy Governor said the Government and the State Bank have implemented robust financial sector reforms over the years due to which access to financial services has improved significantly across all segments. While giving details, he said the number of corporate borrowers increased by 83 percent, SME borrowers by 134 percent; agricultural borrowers by 44 percent; consumer finance borrowers tripled over 5 years; whereas mortgage loans over the same period have risen by 78 percent and microfinance outreach is at 1.7 million by December 2008, which is five times the level in Dec. 2003 when the country had only 330,000 clients.

Referring to various measures taken by the State Bank, Mr. Anwar said that the SBP has established a Development Finance Group comprising of sector specific departments promoting Microfinance, SME Finance, Agriculture Finance, and Housing & Infrastructure Finance. He said that the SBP had introduced Basic Banking Accounts (BBA) in November 2005 whereby all commercial banks operating in Pakistan were required to offer BBAs to facilitate and provide basic

banking facilities to the low income people in Pakistan. As of Dec 2007, about 120,000 BBAs have been opened, he added.

Similarly, he said the State Bank has introduced the Annual Branch Licensing Policy that requires commercial banks with 100 or more branches to open at least 20 percent of their branches outside big cities and set up branches in Tehsil Headquarters where no branch of any bank existed. During 2008, 555 new bank branches were opened, out of which 20 percent i.e. 111 are now in rural areas. Moreover, banks are encouraged to establish low-cost sub-branches, booths and service centres, managed by skeleton staff for performing limited banking functions, he added.

Mr. Anwar said the State Bank has encouraged partnerships for innovation to create synergies and achieve scale and recently a partnership between Pakistan Post and the First Microfinance Bank on a pilot scale resulted in 35,000 microfinance loans disbursed through 68 post offices in little over one year. "On the basis of these encouraging results and future potential, SBP has now issued permission to the Bank to broaden its operations at the outlets of Pakistan Post which has a network of 13,000 post offices across the country," he added.

He said the State Bank's Expanding Microfinance Outreach Strategy specifically targets the underserved market of poor income groups and envisages that Pakistan will have 3 million microfinance borrowers by 2010 and 10 million by 2015.

He also talked about SBP's partnership with the UK Department for International Development which has given a grant of GBP 50 million for the 'Financial Inclusion Program (FIP)' that will be implemented in five years targeting poor, small entrepreneurs, women and marginalized communities. He said a Microfinance Credit Guarantee Facility has also been launched with GBP 10 million in Dec 2008 to incentivize commercial banks to provide wholesale funds to microfinance banks and institutions for on-lending to the poor and marginalized groups to improve financial outreach.

Mr. Anwar congratulated the World Bank's staff Ms. Tatiana Nenova, Ms. Cecile Thioro Niang and Mr. Anjum Ahmad for completing valuable Study on Access to Finance for the Underserved and Small Enterprises.

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