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SBP Deputy Governor urges IBIs to increase their outreach

Mr. Yaseen Anwar, Deputy Governor State Bank of Pakistan, today urged upon the Islamic banking institutions to increase their outreach so as to enhance their penetration and market share in the overall banking industry.

Speaking at the concluding session of a three-day workshop, jointly organized by State Bank of Pakistan and the Islamic Financial Services Board (IFSB) at SBP, Karachi, Mr. Anwar said that despite the current global financial crisis, the Islamic funds all over the world are 'considerably liquid' and added that this liquidity can be effectively utilized to increase the penetration of Islamic banking not only in Pakistan but elsewhere in the world.

SBP Deputy Governor highlighted the importance of having a comprehensive framework of Risk Management, Corporate Governance and Supervisory Review Process for the Islamic banking institutions. He said that the State Bank has played a key role in providing an enabling environment and a level-playing field to the Islamic banking industry through the provision of a comprehensive regulatory and supervisory framework.

"Shariah-compliant mechanism introduced by SBP is the most comprehensive available in the world," he said and added that Pakistan is the only country which has issued Guidelines on Islamic agriculture and microfinance. Similarly, SBP is the first central bank to have initiated Shariah-compliant inspection mechanism, he added.

Mr. Anwar said that as a result of SBP's initiatives the Islamic banking industry in Pakistan has experienced robust growth in recent years. SBP's recent achievement of being ranked as the second best central bank at international level in promoting Islamic banking is a reflection of this effort, he added.

He said the State Bank's next five-year strategy for development of Islamic banking industry envisages adopting various international prudential standards developed by IFSB as an important pillar. "We have accordingly seized the opportunity by capitalizing on IFSB's expertise through holding such workshops at this juncture," he said and added that adaptation of IFSB standards in the country would enable Islamic banking institutions to perform on an equal footing with the conventional banking industry.

Mr. Anwar appreciated role of the IFSB for preparing various Standards wherein best international practices are developed through an exhaustive process involving thorough research, discussions, public hearings, workshops/seminars etc.

The workshop was widely participated by the entire local industry wherein IFSB speakers of international repute shared their wisdom and experiences with the industry players. The workshop proved quite useful for enhancing the exposure of the industry players.
