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Banking industry has great potential for further investment: Salim Raza

Syed Salim Raza, Governor State Bank of Pakistan said today that Pakistan's banking system has great potential for further investment.

Speaking at a ceremony held in Karachi for the launching of Silkbank Limited, formerly Saudi Pak Commercial Bank Ltd., Mr Raza said the performance of country's financial sector, which is largely dominated by banks, has been outstanding throughout the current economic situation.

He said the banking sector has over the years nurtured itself in a way that it is able to withstand some of the shocks it has faced in the last 18 months or so. 'The banking system is on strong footing and has long term potential, a feature which has served to attract a substantial amount of Foreign Direct Investment (FDI) in the sector, with established global financial institutions now active participants in the domestic financial sector,' he said and added that the banking industry is well-governed and has witnessed outstanding financial performance during the last few years. 'With strong regulatory oversight, there has been a significant enhancement of capital and risk-weighted capital adequacy,' he said and added that stringent loan provisioning requirement has built sufficient reserves against the Non Performing Loans' (NPLs') portfolio.

Mr Raza said that State Bank always encourages customer's focus & service standards and added: 'we have no doubts in the ability of the management of Silkbank in delivering high levels of service through innovative products and a proactive service attitude.'

He appreciated the sponsors of Silkbank i.e. International Finance Corporation from the World Bank Group, Bank Muscat and Nomura for their

interests 'in our market and their commitment to Silkbank, which adds stability to our economy'.

'As a regulator, it is clear to us that the direction of Silkbank's strategy is positive and measured, and we believe that Silkbank will deliver on its commitment to its stakeholders,' he added.

'We have followed the restructuring of Silkbank about which its management has kept SBP fully aware of at all levels and we believe that Silkbank's efforts will yield very strong results in the long run', Mr Raza added.

Earlier, Mr. Azmat Tarin, President of Silkbank, in this remarks thanked the State Bank for its support during the restructuring process. The ceremony was attended, among others, by senior officials of State Bank, Silkbank and executives of banks.
