

## State Bank raises MCR for MFBs

The State Bank of Pakistan has revised the Minimum Capital Requirement (MCR) for Microfinance Banks (MFBs) and also allowed the existing MFBs to raise their minimum paid-up capital in a phased manner during the next three years.

According to a Circular (BSD Circular No. 7) issued today, the MFBs shall maintain a minimum paid-up capital (free of losses) of not less than:

- i. Rs 300 million if licensed to operate in a specified district instead of Rs 100 million fixed earlier;
- ii. Rs 400 million if licensed to operate in a specified region instead of Rs 150 million prescribed earlier;
- iii. Rs 500 million if licensed to operate in a specified province instead of Rs 250 million fixed earlier; and
- iv. Rs 1 billion if licensed to operate at national level instead of Rs 500 million prescribed earlier.

This step of SBP would ensure that only such sponsors venture to establish MFBs which have adequate financial resources to meet the present and future capital requirements. Moreover, MFBs need increased share capital to meet the growing demand for investments in technology intensive infrastructure and information systems. It may be recalled that previous MCR for MFBs were set in 2001.

The Circular further said that MFBs, which do not meet the above-mentioned revised MCR, are required to enhance their paid-up capital (free of losses) according to the following transitional arrangement:

Category	Minimum Paid up capital (free of losses) required as of		
	December 31, 2011	December 31, 2012	December 31, 2013
MFB licensed to operate at national level	Rs 600 million	Rs 800 million	Rs 1 billion
MFB licensed to operate at district level	Rs 200 million	Rs 250 million	Rs 300 million

The State Bank has revised the MCR for MFBs in exercise of powers vested under Section 10 of the Microfinance Institutions Ordinance 2001, the Circular added.

It may be pointed out that seven microfinance banks with a branch network of 289 are operating in the country. They include five nationwide Microfinance Banks viz. Khushali Bank, The First Microfinance Bank, Tameer Microfinance Bank, Pak Oman Microfinance Bank & Kashf Microfinance Bank and two district wide Microfinance Banks viz. Rozgar Microfinance Bank & Network Microfinance Bank.

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