

Branchless banking shows impressive growth in first quarter of FY12

Branchless banking in Pakistan has shown an impressive growth in the first quarter of the current fiscal year (FY12) according to the latest SBP publication: 'Branchless Banking News' posted on its website (www.sbp.org.pk) today.

According to the publication, branchless banking would prove a game-changer in improving access of unbanked population to financial services in Pakistan. The total number of active branchless banking agents reached to 17,448 in a short span of two years whereas number of branches of all commercial banks is almost 10,000. The total number of active branchless banking accounts increased by 51.23 percent to 357,598, total branchless banking deposits by 28.03 percent to Rs 187 million, number of transactions by 26.93 percent to 15.867 million and the volume of transactions by 43.20 percent to Rs 58,710 million during the July-September, 2011 quarter.

The average size of branchless banking transaction is Rs 3,700 while the average number of transaction per day is 176,296 in the first quarter of FY12, showing evidence of the access of these services to poor and low-income group. Almost half of its users did not have a bank account and almost two-thirds used the service regularly. These results hint at the considerable un-met demand for efficient, low cost and accessible financial services.

Pakistan has huge potential in the area of branchless banking as mobile phone banking has successfully emerged in Pakistan after the issuance of branchless banking regulations in March, 2008.

The early success of mobile banking in Pakistan is attributable to the collaborative efforts of a wide range of stakeholders, including Government, regulatory authorities, development agencies, NADRA, telecom operators, financial institutions, and technology firms.

The innovative branchless banking models have been penetrating in areas of massive payments such as utility bills, Government-to-persons, persons-to-persons payments while poising for scaling up for other services relating to deposits and loans.

The branchless banking models are witnessing growth but they are still in early-phase experimentation, requiring understanding of critical issues and taking measures to expand retail networks and leverage technologies. Once these models reach to a degree of maturity, the inter-operability will come in to facilitate customers to send money to anyone with account at any bank, and do cash-in and cash-out with agent of any bank. Getting to this ultimate stage will be both exciting and challenging.

It may be pointed out that the State Bank of Pakistan has decided to publish the “Branchless Banking News” on quarterly basis to disseminate various developments taking place in area of branchless banking in the country. This publication for July-September quarter is the first periodical document on branchless banking being published in the country. The publication will serve as an information hub for all kinds of developments in branchless banking in Pakistan and will also cover regional as well as international news/events in this area.

The publication covers; i) a detailed overview of the current branchless banking developments, the initiatives taken by SBP as well as other stakeholders, ii) branchless banking snapshot of two major models - Easypaisa and Omni, iii) salient revisions in branchless banking regulations, iv) outcomes of events like G2P conference and AFI Global forum, v) CGAP surveys on branchless banking models currently operating in Pakistan, and vi) key regional as well as international news.

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