

## **Branchless Banking continues to show rising trend: SBP**

Branchless Banking (BB) continued to show a rising trend in the third quarter (January-March 2012) of the current fiscal year (2011-12) during which BB transactions surged by 23 percent to 25.3 million as compared with 20.6 million in the preceding quarter. The value of these transactions was recorded at Rs 85.092 billion, showing a growth of 7 percent as compared with Rs 79.410 billion in the quarter ended on December 31, 2011.

According to SBP's 'Branchless Banking Newsletter', the average daily BB transactions increased to 280,798 in the third quarter showing a growth of 23 percent as compared to 228,858 transactions in the previous quarter. BB deposits grew by 18 percent to Rs 594 million in Jan-March 2012 quarter as compared with Rs 503 million in the preceding quarter.

The total number of Branchless Banking agents increased by 19 percent to 26,792 in January-March FY12 quarter as compared with 22,512 in the quarter ended on December 31, 2011. Similarly, the total number of BB accounts surged by 14 percent to surpass one million mark (1,059,519) in the quarter under-review as compared with 929,184 in the previous quarter.

The BB agents now have the footprint in 89% of the total districts in Pakistan out of which 52% have more than 90 agents which are mainly located in low income urban or rural communities.

The number of registered m-wallet accounts (a popular Branchless Banking service in which cash value is stored on mobile phone of a customer; this can be used to deposit, withdrawal, and money transfer through the mobile phone) reached to 1.03 million at the end of the quarter under review in which the number of active m-wallets is about 53%. About 5,573 debit cards have also been provided to mobile account holders, indicating efforts to create value proposition in m-wallets.

Bills payment remained the dominating activity of Branchless Banking with 42% share in total transaction volume, followed by person to person (over the counter) fund transfers and airtime top-ups with share of 32% and 10% respectively. Branchless Banking service providers are trying to increase their linkages with microfinance institutions as loan repayments of Rs.312 million were collected through BB agents during the quarter under review.

The growth expectation in the area of Branchless Banking is fairly high as the largest brand of the country is in process of technology up-gradation for account opening, for which it will start registration of customers for Level Zero Account (per month transactions limit

Rs 25,000), which will bring the low income segment of the society into financial services loop. Moreover, few other banks are also likely to start their Branchless Banking operations soon.

It may be pointed out that the State Bank has established a Consultative Group on Branchless Banking to foster market development” under the chairmanship of Mr. Muhammad Ashraf Khan, Executive Director, Development Finance Group of SBP. The Group is comprised of key stakeholders such as Pakistan Telecommunication Authority (PTA), National Database and Registration Authority (NADRA), banks, Microfinance banks (MFBs), Mobile Network Operators (MNOs) and Technology Solution Providers. The Group provides a common plat-form for branchless banking eco-system developers and an opportunity to develop collective policy recommendations on critical issues.

It may also be mentioned here that promotion of branchless banking is an integral component of the SBP’s financial inclusion strategy which aims to stimulate inclusive growth in the country by reaching out to the financially under-served population of Pakistan.

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