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SBP DEPUTY GOVERNOR ASSURES FINANCIAL INCLUSION WILL REMAIN A KEY POLICY OBJECTIVE OF THE STATE BANK

Mr. Ashraf Mahmood Wathra, Deputy Governor Banking, State Bank of Pakistan has outlined five key aspects of the Microfinance Summit 2013, in his closing and way forward remarks while chairing the Closing Session of the Microfinance Summit at a local hotel in Islamabad today.

He said that the summit was a huge success in bringing together all the stakeholders who shared their unique experiences and developed recommendations to enhance access to inclusive financial services for the financially excluded economic and geographic segments.

Mr. Wathra said that financial inclusion movement has prompted innovative developments in Pakistan and elsewhere. However, it is often that 'innovations' are viewed differently by various stakeholders. It is, therefore, important to keep on analyzing and discussing new ideas and solutions to agree on the way forward and chart the avenues for further collaborations to reach out to the marginalized, poor and low-income people.

He said that the summit has developed broader understanding of the opportunities and challenges facing the microfinance sector in Pakistan:

- **First**, Government offered full support to the development of microfinance sector on sustainable basis and the participants have appreciated the vision of the new Government. I am sure that this will help us in taking the microfinance to the next level.
- **Second**, microfinance sector has received a lot of support from the government, State Bank, and donors in the form of an enabling policy and regulatory framework and funding support resulting in transformation of MFIs into regulated microfinance banks, a well-capitalized and diversified micro-banking sector and catalyzing innovations in delivery channels etc., We have a long way to go especially in increasing sustainable financial access and usage of a broad range of services (savings, credit, payments, and insurance) to the most-excluded segments such as poor entrepreneurs in under-developed areas, women and youth. In this context, it is important to adopt a market segmentation approach which would help us in analyzing the gaps at different segments, and develop timely and appropriate policy responses and solutions.

- **Third**, the summit has developed consensus that the focus of microfinance industry should now be on improved governance, deepening the strength of management teams and improved system of control and information flow. **Fourth**, it is encouraging to note that microfinance players are keen on finding ways to lower their operating costs and offer convenience to their clients through partnerships with branchless banking providers.
- **Fifth**, the summit has also highlighted the importance of value chains and its linkages with improving livelihoods.

In the end, Mr. Wathra reassured that financial inclusion will remain a key policy objective of the State Bank, and it will continue to provide full support to the microfinance sector as it is an important policy tool to promote inclusive economic growth.
