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Mobile Banking - a game changer in banking, m-commerce & financial inclusion: Yaseen Anwar

Mr. Yaseen Anwar, Governor, State Bank of Pakistan (SBP) has said that developments in branchless banking across the country have been so far marvelous, leaving nobody in doubt about the potential of mobile phone banking to be a game-changer in banking, m-commerce and financial inclusion.

Speaking at the 6th International Conference on “Mobile Banking in Pakistan” at a local hotel in Karachi today, he said that developments in m-banking and m-commerce will lead us to connect the unbanked segment of our population to financial services, thus contributing to their empowerment.

The central policy objectives of SBP are to ensure safety, soundness and efficiency of the banking system, and to protect the interest of consumers, he said, adding that since branchless banking is becoming a vital component of the national payment grid, it is prudent for all stakeholders to ensure that appropriate measures are in place to mitigate inherent risks associated with it like access by unauthorized persons/ criminals such as hackers, money launderers, terrorist financiers etc.

He said: ‘Being fully cognizant of the risk factors involved in such unconventional modes of banking, SBP has been proactively monitoring developments and associated risks both at system and entity level in order to take appropriate corrective measures in a timely manner’.

SBP Governor said that branchless banking has also proved to be an effective instrument in channelizing the Government to Persons (G2P) payments in trying times like serving Internally Displaced Persons (IDPs), and devastating floods for the last two years. The Benazir Income Support Program (BISP) beneficiaries are also being served effectively through the same mechanism, he said, adding that In the coming days, this channel is expected to continue playing an important role towards the promotion of financial inclusion and the management of Government to Person (G2P) Programs like Salaries Disbursements, Pensions, BISP, Watan Cards, Pakistan Cards and tax collections services, etc. The existing branchless banking deployments can cater to the needs of over 10 million potential beneficiaries of G2P payments in Pakistan, he added.

Mr. Anwar said that four branchless banking models including Easy Paisa, Omni, Mobile Cash and Time Pey are fully operational while two are running live pilots. He said that the branchless banking current growth trajectory is expected to get further steeper in the years ahead.

He said that the number of agent network servicing branchless banking customers has reached 42, 000. Therefore, the basic financial services can now be accessed in the remotest parts of the country through any of these agents. 194 million transactions worth Rs 813 billion and more than 2 million m-wallets have been opened till date, he said, adding that numbers will improve significantly. The infrastructure of payment systems and branch network is also showing an increasing growth trend, he said adding that the ATMs network has increased to 6,232 whereas branch network has reached 11,600 while 94 percent of our branches are now real time on-line. ‘Similarly, the number of plastic cards has increased

to 20 million and the number of POS machines has increased to 34,000 units. This is a significant achievement, and this also demonstrates the opportunity to bring the benefits of this infrastructure to millions of the unbanked population', he added.

While acknowledging that branchless banking has gained critical mass in a short period of time, the SBP Governor was of the view that the market has to start shifting transactions from first generational services (Person-to-person/Bills payments) to second generational services (account-to-account and inter-bank transfer). 'The players need to expand their product portfolio by offering new products and services for their target market. In my view, this is part of an inevitable evolution which will ensure the long-term sustainable development of the sector, encourage micro savings and help in meeting the demands for inclusive financial services of the target market', he added.