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State Bank of Pakistan holds ceremony to ink projects for innovations in Agricultural Finance

“Successful financial inclusion requires out of box thinking and innovations” said Mr. Saeed Ahmed, Deputy Governor, State Bank of Pakistan (SBP) while chairing the signing ceremony for Financial Innovation Challenge Fund (FICF) Round 2 on Promoting Innovative Rural & Agricultural Finance in Pakistan under the UK’s Department for International Development (DFID) funded Financial Inclusion Program. The FICF round 2 was earlier launched by the Honorable Finance Minister Mr. Ishaq Dar on March 06, 2014.

Mr. Saeed Ahmad congratulated the successful institutions on proposing winning ideas for promoting innovations in agricultural finance. “I personally believe that the successful proposals have potential to challenge the status quo and transform the landscape of agricultural finance in the country in a positive way” said the Deputy Governor. He shared that the FICF Committee has a very broad based membership from SBP officials, Mr. Waqas ul Hasan from DFID Pakistan and private sector including Mr. Shamim Ahmad Khan Ex-Chairman SECP and Mr. Mahmood Nawaz Shah, a progressive farmer. The Committee held a series of meetings to independently evaluate the applicants and selected the best 12 projects from the long list of proposals received under the challenge round. He also shared that the decision was based on a well defined uniform evaluation criteria including, uniqueness of the proposed innovations, sustainability of the ideas and potential for financial inclusion to establish value for money etc.

Mr. Saeed Ahmed shared that SBP has now fulfilled its commitment of completing the evaluation phase before the end of June 2014 to pave the way for projects implementation in July 2014 and urged the successful institutions to now implement their projects over the next 6 months to test Agriculture Value Chain Financing, Warehouse Receipt Financing against agricultural commodities, use of third party service providers by the banks’ agri staff, green agricultural financing, Islamic microfinance, use of ICT solutions for agricultural finance and price information etc.

Mr. Samar Hasnain, Executive Director, while signing the project documents on behalf of SBP, also assured that State Bank would continue to spur innovations for financial inclusion through future initiatives.

The ceremony was held to sign 10 projects committing PKR 240 million in funding assistance under FICF. The successful institutions were namely; HBL, Faysal Bank, Ace Global Depository Pakistan (Pvt.) Ltd, First Microfinance Bank, Agrow Ltd, FINCA Microfinance Bank, NRSP Bank, Global Financial System (Pvt) Ltd, NRSP-MFI and Bank of Khyber.

FICF is a component of larger Financial Inclusion Program (FIP) being implemented by SBP under the funding assistance of UK Aid to spur innovative financial inclusion in Pakistan. The 1st round of the fund was held on Financially Inclusive Government to Person (G2P) Payments. Under the first round, SBP has been supporting a number of innovative pilots for adoption of financially inclusive G2P payments, covering the entire spectrum of G2P payments including salaries, pensions and welfare payments.

Group photo of participants to be released



Caption: FICF signing ceremony participants with Chief Guest Mr. Saeed Ahmad, Deputy Governor, SBP