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Digital finance channels can lead to rapid expansion in access to financial services: Dar

Finance Minister of Pakistan Mr. Ishaq Dar has said that digital finance channels can lead to rapid expansion in access to financial services, particularly to those currently not served, and thus helps promote economic growth of the country.

He was addressing a State Bank of Pakistan's International Branchless Banking Conference on "Innovations in Digital Finance for Financial Inclusion" in Islamabad which was also attended by heads and representatives of Pakistan Telecommunication Authority (PTA), National Database and Registration Authority (NADRA), Department for International Development (DFID) and World Bank's affiliate Consultative Group to Assist the Poor(CGAP).

The conference was attended by over 300 participants from the Government, International Policy Advisory Organizations, financial service providers, telecom sector and donors.

Mr. Dar said that digital payments can be an efficient and transparent medium for Government payments. "By digitizing government to person (G2P) payments, our Government will strengthen the e-Governance framework," he added. He commended the successful experience of digitizing the leading social welfare schemes of the Government for income support programs and internally displaced persons. He expressed the desire of the government to work with global agencies like UN's Better-Than-Cash-Alliance to chart a roadmap for digitizing government's retail payments. Moreover, he stressed on the need to further develop the digital finance to expand services to small farmers and pensioners. He also advised to strengthen the customer grievances redressal mechanism.

While appreciating the State Bank of Pakistan for its strategic vision and commitment to improve financial inclusion in the country, he added that SBPs financial inclusion policy framework and branchless banking models are recognized globally. Pakistan's microfinance and branchless banking sectors have seen inflow of foreign capital and increased use of innovative technologies.

He desired to be personally involved in steering financial inclusions initiatives in the country through the newly created National Financial Inclusion Council to assign the much needed priority to this issue. The Council will draw membership from important stakeholders including relevant Government ministries/departments, financial and telecom regulators and industry to set and monitor activities and national targets for digital financial inclusion.

Earlier in his speech, Governor State Bank of Pakistan Mr. Ashraf Mahmood Wathra highlighted that high level of financial exclusion has led our society to rely on excessive use of cash especially for payments and savings which is risky, costly, and inconvenient to the businesses and public at large. He pointed out that SBP-led initiatives stimulated the market forces to drive

innovation and growth in branchless banking. While highlighting the growth performance, he said that branchless banking transactions with an average size of Rs. 5,600 indicates that we are now reaching out to the poor and low income groups.

The Governor SBP also welcomed innovations in digital finance and said the greater promise of branchless banking lies in the ability of our banks to build new, or leverage existing agents' network, to convert massive SIM subscribers' base into banking account holders. This transformation is already underway with the support of an evolving branchless banking ecosystem. He also said that having access to simple financial products can have a real, positive impact on peoples' lives.

Richard Montgomery, the head of DFID-Pakistan mentioned that DFID is seeking to work in partnerships to promote innovative approaches for financial inclusion. Given the success of DFID partnership with State Bank, this partnership under the current "Financial Inclusion Program (FIP) has been extended for a further five years.

The Chairman PTA and Chairman NADRA also spoke at the occasion and demonstrated their commitment to support branchless banking growth in Pakistan.

During the conference, two MOUs were also signed to advance digital financial inclusion. The first MOU was signed between Governor SBP and Chairman NADRA reducing the verification cost to Rs.10 for each m-wallet account opening at industry level. This initiative will reduce transaction costs of banks and clients and strengthen customer identification & verification procedure leading to acceleration growth in opening up mobile accounts. The second MOU was signed between Gates Foundation and DFID to set up a Digital Financial Inclusion Unit in *Karandaaz* which is a newly incorporated company to support small and growing businesses in Pakistan.