



External Relations Department

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Press Release

State Bank of Pakistan Organizes International Conference on “Affordable Housing & Mortgage Finance”

A two-day International Conference on Affordable Housing & Mortgage Finance organized by State Bank of Pakistan (SBP) was inaugurated today in Islamabad. The Conference aims to discuss innovative strategies and solutions to increase outreach of housing finance to low and middle income groups.

At the beginning of the conference a message from the Prime Minister, Mian Muhammed Nawaz Sharif, was read by the Deputy Governor, Saeed Ahmed. The Prime Minister said, ‘Pakistan is currently confronting a massive challenge of housing backlog of around 9 million units, out of which, a large part pertains to the economically disadvantage families and members of the lower middle class. This, coupled with a weak governance regime of urban civic institutions, has resulted in the mushroom growth of *katchi abadies* and slums / squatter settlements in major metropolitan areas.

In line with the manifesto of PML(N), our Government is fully committed to resolve the issue of housing shortage in the country particularly for the low income groups. It has announced a comprehensive housing finance scheme which includes construction of 1000 clusters of 500 houses each for low income families all over the country. To ensure cost-effective access to credit for housing, government has undertaken to pick up a portion of the cost of financing on behalf of the borrower over and above 8 percent under this program.

While addressing the audience, Mr. Akram Khan Durrani, Federal Minister for Housing & Works who chaired the inaugural session, appreciated the steps taken by SBP to promote housing finance. He stated that the provision of affordable housing and mortgage finance are paramount to cope with rapid urbanization. He highlighted the various efforts by the government to come up with affordable solutions particularly for people belonging to low income strata and *kachi abadis*. He stated that SBP is actively involved in supporting the sector. He emphasized that if proper planning is not undertaken for urbanization it may lead to serious problems.

Governor State Bank of Pakistan, Mr. Ashraf Mahmood Wathra, in his policy address shared SBP’s policy framework for enhancing the flow of financial services to middle and low income groups. Mr. Wathra, while asserting the importance of housing and housing finance for the economy, said that the country is witnessing rapid urbanization and escalation in property prices with increasing shortage of housing units especially for low and middle income groups. In the absence of a sound and vibrant housing finance system, we can expect the situation to further deteriorate. He appreciated DFID, World Bank, AFG and CSAPs for their support in SBP/Mof efforts to improve upon financial inclusion in the country.

He further added that housing finance is one of the critical elements to make housing affordable for the new entrants and existing incumbents of major metropolitan cities. The lack of effective institutional framework, secondary mortgage market, high transaction costs,



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unorganized real estate sector, inadequate property development framework and long term funding arrangements are some of the major constraints in the growth of housing and housing finance in the country.

Earlier, Mr. Saeed Ahmad, Deputy Governor, State Bank of Pakistan in his welcome address highlighted the importance of housing and housing finance for the long term sustainable economic growth. He stated that in Pakistan house financing is less than ½ percent of GDP which is one of the lowest in the world. ‘We have currently 9 million unit shortfall. Each year there is need for 600,000 units but only 300,000 units are constructed. This adds 300,000 number of units to shortfall, he said. In order to increase housing finance to 10 percent of GDP over next 10 years we have to finance some 300,000 units per year. He stressed on the need of bringing innovation in the existing system and increasing the outreach of the housing finance to low and middle income groups.

The conference was attended by over 300 participants including CEOs/Presidents/Executives of banks, MFBs, Multilaterals, Representatives of Builders and Developers and Business Associations, and Academia. Expert speakers on housing finance from around the world and home are participating in the event.
