



## External Relations Department

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**May 22, 2015**

### **Press Release**

#### **Finance Minister launches National Financial Inclusion Strategy for Pakistan**

**Friday, May 22, 2015:** The Federal Finance Minister, **Senator Mohammad Ishaq Dar**, today, launched National Financial Inclusion Strategy (NFIS) for Pakistan at Islamabad. The objective of the strategy is to build momentum and push forward reforms to achieve universal financial inclusion in an integrated and sustained manner.

While sharing the vision, Mr. Dar said “Government is striving to create more opportunities of doing business and make the common people of Pakistan self reliant and economically empowered.” In this regard, the government is working at various levels to improve governance and availability of energy and other key infrastructure inputs, he further said.

He highlighted that the recent historic agreement for creation of Pak-China Economic Corridor is an economically vital plan devised to help drive Pakistan’s economic growth. The economic corridor will connect economic agents and link economic centers with large resources which can be cultivated for job creation.

While emphasizing the need for increasing access to fair and dignified financial services to achieve sustainable economic growth, the Finance Minister said that the NFIS, championed by the State Bank of Pakistan, is consistent with the Government of Pakistan’s Vision 2025, which calls for enhancing access to credit for SMEs and focuses on strengthening & deepening of financial inclusion in the country.

He regretted media speculations regarding imposition of tax on remittances in forthcoming federal budget and categorically stated that no such proposal was under consideration by the federal government.

He further pointed out that the Government is already working on some of the drivers that the NFIS identifies to catalyze financial inclusion. In particular, digitization of payments is a priority area and resolute efforts have been taken to support the digitalization of payments and give depth to financial services among various segments of the population. He shared that Pakistan has become a member of the Better than Cash Alliance - a global initiative. The contribution of branchless banking is significant when it comes to channelizing the Government-to-Person payments.

Finance Minister emphasized the stakeholders to show their full commitment and active engagement to increase access and quality of financial services for the underserved segments of the economy and help to build a sustainable and prosperous Pakistan.

Speaking at the occasion, Mr. Ashraf Mahmood Wathra, Governor SBP said that since the early 1990’s, Pakistan’s financial sector has witnessed considerable reforms that have significantly strengthened its soundness, profitability, efficiency and diversity. Also, Pakistan has been a pioneer in championing financial inclusion for over a decade and achieved a large number of significant milestones. In particular, the creation of a regulatory framework for Microfinance Banks in 2001; the expansion and modernization of online credit information bureau (e-CIB) in 2005; the adoption of



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Branchless Banking Regulations allowing a tiered approach to know-your-customer (KYC) requirements in 2008; the launch of Financial Inclusion Program under DFID support which includes risk sharing initiatives, smart grant facilities for capacity development, innovation and market infrastructure development in 2008; the establishment of a specialized microfinance credit information bureau (m-CIB) in 2009; and the launch of a nationwide Financial Literacy Program in 2012.

He pointed out that despite the sustained efforts, the level of financial inclusion remains very low and there are a number of reasons for the low level of financial inclusion. He shared that the persistence of financial exclusion in the face of long-standing efforts to promote inclusion pointed the need for a comprehensive National Financial Inclusion Strategy. The strategy has thus created the needed platform for SBP, GoP and private sector to adopt and implement a comprehensive set of coherent and sequential reforms needed to influence financial inclusion in a big way.

He further shared that globally, there is an increasing trend towards adoption of financial inclusion strategies with explicit financial inclusion targets at country level. Empirical evidence suggests that, having a NFIS could double the pace of progress on financial inclusion targets. The NFIS will guide efforts to promote financial inclusion over the coming five years. It includes targets and objectives that will be monitored, but it will serve as a living document that can be adjusted as required.

On this occasion, Mr. Saeed Ahmad, Deputy Governor, State Bank of Pakistan while making a detailed presentation said that about 50% of the entire population is completely financially excluded with no access to financial services such as formal savings, payments, deposits, and credit, therefore, financial inclusion is a priority area for government and SBP. He also shared various initiatives taken by government and SBP to promote financial inclusion in Pakistan. He hoped that with successful implementation, the country will achieve its targets for a financially inclusive Pakistan.

He said that to advance financial inclusion, over 50 countries have set national commitments and tangible targets for financial access. Pakistan has now also developed national financial inclusion strategy which lays sound foundations for financial inclusion for the next 5 years. It identifies the gaps leading to persistent financial exclusion and sets out the national vision and roadmap to accelerate financial inclusion. NFIS also identifies high-impact areas, assigns responsibilities, and provides targets and objectives that will be monitored. He hoped that with successful implementation, the country will achieve its targets for a financially inclusive Pakistan.

The ceremony was attended by local and international dignitaries including members of NFIS council, Presidents of banks, government officials, representatives of donor agencies, and large number of private sector representatives.